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TO: COUNCIL MEMBERS

FROM: David Whitaker, Director   
Legislative Policy Division

DATE: November 30, 2022

RE: Report on Major Financial Issues of DWSD and GLWA

This report reviews major financial issues of the Detroit Water and Sewerage Department (DWSD), and its financial relationship with Great Lakes Water Authority (GLWA).

We thank the DWSD Director, Gary Brown and his staff, the GLWA CEO, Suzanne Coffey and her staff, for their assistance as we prepared this report. We must especially commend the DWSD Director, Gary Brown and his staff for some of the excellent work that they have accomplished over the past years in several areas. They took a system with billions of dollars in debt, survived through a difficult bankruptcy, a bifurcation with GLWA, and continued providing clean water and safe disposal of sewage. We also commend the DWSD CFO, Istakur Rahman, for his assistance in writing this report.

One of our long-range objectives in providing this report is to closely monitor DWSD's fiscal health so the department can make every effort to ensure that our children,

grandchildren and future generations have access to safe, clean and affordable water, and safe disposal of wastewater including drainage.

This report will provide information on:

- **Fiscal Year 2022 Year-End Budget Variances**
- **Agreement Between GLWA and DWSD and any outstanding issues regarding amounts DWSD owes GLWA**
- **Lead service lines replacement**
- **Affordability rates – DWSD lifeline plan**
- **Federal and State dollars that may benefit DWSD**
- **DWSD Water and Sewer Upgrades**

### **Fiscal Year 2022 Year-End Budget Variances**

The following comparisons were presented to the Finance committee of the Board of Water Commissioners on November 2, 2022. The table below shows the operating revenues for both Water and Sewer.

For the Year Ended June 30, 2022				
Unaudited - (Amounts in thousands)				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b><u>Water Operating Revenue</u></b>				
Commodity Sales	\$ 66,901	\$ 74,105	\$ 7,204	Water volumes exceeded
Service Charges	28,639	29,710	1,071	budget by 8.2%
Private Firelines	3,915	3,403	(512)	
Shared Services	1,254	594	(660)	Service charges exceeded
GLWA's Share of Pension & Notes	12,316	8,817	(3,499)	budget by 3.7%
Penalties & Fees	2,562	2,851	289	
Miscellaneous	<u>1,252</u>	<u>1,280</u>	<u>28</u>	GLWA's Share of Pension
Total Operating Revenue	\$ 116,839	\$ 120,760	\$ 3,921	lower than budget

For the Year Ended June 30, 2022				
Unaudited - (Amounts in thousands)				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b><u>Sewer Operating Revenue</u></b>				
Commodity Sales	\$ 136,877	\$ 143,287	\$ 6,410	Sewer volumes exceeded
Service Charges	14,906	15,550	644	budget by 4.0%
Drainage Firelines	179,821	178,694	(1,127)	Service charges exceeded
Industrial Waste Charges	1,693	1,600	(93)	budget by 4.3%
Shared Services	2,870	1,386	(1,484)	
GLWA's Share of Pension & Notes	22,521	6,649	(15,872)	Drainage Charges -
Penalties & Fees	7,075	7,796	721	adjustments & prior year
Miscellaneous	<u>100</u>	<u>1,553</u>	<u>1,453</u>	
Total Operating Revenue	\$ 365,863	\$ 356,515	\$ (9,348)	GLWA' Share of Pension
				lower than budget

The following table shows the Combined Operating Expenses by budget and actual figures for the entire 2021-2022 fiscal year.

For the Year Ended June 30, 2022				
Unaudited - (Amounts in thousands)				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<b><u>Combined Operating Expenses</u></b>				
Salaries & Wages	\$ 35,150	\$ 33,033	\$ (2,117)	See below for comments
Employee Benefits	14,519	11,399	(3,120)	
Pension Expense	46,928	20,562	(26,366)	
Contractual Services	17,642	10,469	(7,173)	
Supplies/Other Oper. Exp.	21,544	16,948	(4,596)	
Wholesale Charges	212,698	211,948	(750)	
Shared Services	3,865	2,299	(1,566)	
Utilities	3,354	3,364	10	
Bad Debt Expense	<u>53,180</u>	<u>56,322</u>	<u>3,142</u>	
<b>Total Operating Expenses</b>	<b>\$ 408,880</b>	<b>\$ 366,344</b>	<b>\$ (42,536)</b>	

- **Salaries & Wages** ended the year 6% under budget due to vacancies across multiple cost centers throughout the year. Those savings were offset in part by overages in overtime expenses of \$1.4 million.
- **Employee Benefit** savings resulted from lower-than-expected health insurance costs (\$3.1). Medical insurance costs were over estimated based on City's forecast.
- **Pension Expense** variance due to GASB 68 adjustments to pension expense. Budgeted expenses are at full contribution basis as opposed to GASB's computation of pension expense resulting in a positive variance.
- **Contractual Service** variances due to delayed or late starts to certain projects due to COVID restrictions.
- **Supplies & Other Operating Expense** savings accrued primarily from lower software licensing and maintenance costs and certain services that were not needed due to delayed project starts and COVID restrictions.
- **Shared Service** variance is part of true-up exercise that has not been completed for Fiscal Year 2022.
- **Bad Debt Expense** accounts have not been adjusted for the final estimates of Allowance for Doubtful Accounts. Total expenses are expected to decrease before the financial statements are finalized.

Council should note that the large positive budget variances associated with the "GLWA's Share of Pension & Notes" on DWSD's operating revenue table above, and with the "Pension Expense" on DWSD's operating expenses table above are based on the following: 1) Budgeted pension revenue and expense figures are based on the full contribution amount based on a post-bifurcation pension agreement between the City, DWSD and GLWA and the amount of contribution to the Legacy Pension was fixed at \$45.4 million per

year for 9 years. This agreement is ending on June 30, 2023. It included both the GLWA and DWSD share of Legacy Pension costs. 2) For the actual revenue and expense pension figures, the GASB 68 required contribution is done annually by the City based on actuarial determination and is different from the fixed contribution stated in 1). LPD is in the process of reviewing GASB 68 and actuarial reports to provide Council more detail on the pension issues, as necessary.

The following table shows Combined Departmental Expenses by budget and actual figures for the entire 2021-2022 fiscal year.

For the Year Ended June 30, 2022				
Unaudited - (Amounts in thousands)				
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	
<u>Combined Departmental Expense</u>				
Administration	\$ 2,099	\$ 1,966	\$ (133)	Comments below
Operations	47,456	38,741	(8,715)	
Compliance	23,115	19,665	(3,450)	
Finance	17,042	12,111	(4,931)	
Customer Service	<u>5,646</u>	<u>4,651</u>	<u>(995)</u>	
Total Departmental Expenses	\$ 95,358	\$ 77,134	\$ (18,224)	

- **Operations** had significant favorable variances that include personnel costs (\$2.2 million), contractual services (\$4.6 million) and other operating expense (\$2.0 million). Several project delays (residential plumbing and lead line replacement) generated budget variances. System Control Services also came in under their respective budgets for the year.
- **Compliance** has significant favorable variances including personnel costs (\$0.7 million), contractual services (\$0.7 million) and other operating expense (\$2.4 million) that include approximately \$2.3 million in unbilled software and maintenance services.
- **Finance** had significant favorable variances including personnel costs (\$1.3 million), contractual services (\$1.75 million) and other operating expense (\$1.4 million).
- **Customer Service** shows a favorable variance primarily due to personnel costs (\$0.9 million) attributable to vacant positions.

By reviewing the above tables, DWSD management has made a considerable effort to operate within budgeted amounts. However, LPD is concerned with any negative impacts that project delays may have on service delivery, such as residential plumbing and lead line replacement.

**Agreement With GLWA and DWSD and any outstanding issues regarding amounts DWSD owes GLWA:**

GLWA assumed the operation of the regional water and sewer systems on January 1, 2016, pursuant to Water System and Sewer System Lease Agreements between the

GLWA and the City of Detroit dated June 12, 2015.

There are a number of key provisions in the lease agreement, service agreement, and memorandum of understanding (MOU) between GLWA and Detroit.

GLWA provides wholesale water services to a population of approximately 3.8 million, or 38% of the state population. In January 2016, the authority assumed operational control of Detroit's system assets (excluding its local distribution infrastructure) via a 40-year lease agreement and authorized GLWA the right to set and collect rates from the regional systems' customers historically served by the city. Separately, security interest in the city's system-related revenues was granted under the Master Bond Ordinance (MBO), while the water and sewer services agreement (WSSA), assigned DWSD's Board of Water Commissioners the right to set and collect rates from its retail customers.

System assets include five treatment plants that collectively can treat around 1.7 billion gallons per day, an extensive conveyance system and many water-storage reservoirs. Water is supplied to the treatment plants via the Detroit River, Lake Huron and Lake St. Clair. Supply is robust and more than sufficient for the perpetual needs of the service area.

In the agreement between DWSD and GLWA, there is a Master Bond Ordinance (MBO) that states that GLWA would assume all of the outstanding debt related to the regional and DWSD's local water supply and sewage disposal systems.

Both GLWA and DWSD have a Water Master Bond Ordinance and a Sewer Master Bond Ordinance. The Ordinances provide additional security for payment of the bonds. All revenues of the systems (GLWA and DWSD) were pledged and are deposited into Revenue Receipts Funds, which are held by a trustee, U.S. Bank National Association. GLWA and DWSD both have Receipt Funds for Water and Sewer.

Each month, the budgeted amount for the wholesale charges for water and sewage DWSD is purchasing from GLWA is deducted from the Revenue Receipts Fund, then transfers of cash are made according to the MBO. These transfers include Operations & Maintenance (O&M) which is based on 1/12<sup>th</sup> of the current year's budget, various bond and pension funds, the Water Residential Assistance Program (WRAP), Improvement & Extension Fund (I&E), and others.

For DWSD, if receipts are less than disbursements, GLWA must make up the difference. Since FY 2017, water's receipts were more than required disbursements. However, sewer's receipts were less than disbursements in FY 2016, FY 2017, and FY 2018.

DWSD has one year to pay-back, or cover an advance made in a specific year. We realize that this may be confusing, but the stipulations of the MOU state that any shortfall not cured by the end of the fiscal year following the year in which they arise shall be repaid in full, in installments over a period not to exceed three fiscal years. The installment payments will include a surcharge based on the three-year U.S. Treasury note plus 150 basis points (i.e., plus 1.5%).

As of June 30, 2022, DWSD has paid all of the amounts owed GLWA for shortfalls that DWSD occurred in fiscal years 2016, 2017 and 2018.

DWSD management has done an outstanding job in eliminating shortfalls!

The issue of DWSD not collecting enough cash to cover disbursements is discussed with executive leadership at quarterly Reconciliation Committee meetings and at regularly scheduled internal DWSD and GLWA management meetings. DWSD worked to address any shortfalls resulting largely from the unforeseen COVID-19 pandemic using tax liens on commercial and industrial past due balances and the distribution of CARES Act funding from the State of Michigan.

**City Council needs to closely observe the financial performance of the Water and Sewage Disposal Funds every year after the bifurcation to ensure revenues cover expenses, cash collections are equal to, or more than, cash disbursements, and essential services are provided. LPD assists City Council in observing the financial performance of the Water and Sewage Disposal Funds by providing your Honorable Body with periodic reports such as this report on DWSD's major financial matters, as well as reviewing the City's, DWSD's, GLWA's annual financial statements and other financial documents. LPD also raises questions regarding DWSD's budget and other financial matters during the annual budget process.**

#### **Lead service lines replacement:**

Service lines are the underground pipes that deliver water from the water main to a home. They are made of various types of materials, including copper, galvanized iron, plastic, and lead.

Based on preliminary data of water supplies in 2020, approximately 331,000 service lines across the state of Michigan are known or likely to contain lead (that's roughly 12% of the total service lines in Michigan community water supplies). An additional approximately 314,000 service lines are of unknown material.

Replacement of lead service lines is imperative because lead can leach into drinking water while it sits in or moves through lead service lines (LSLs).

Until recently, DWSD replaced service lines when it replaces the water main on the same street.

Detroit Water and Sewerage Department officials on October 27, 2022, said they will be able to speed up the replacement of about 80,000 lead services lines in the city thanks to a \$100 million fund the agency has amassed from state and federal grants. The \$100 million fund that will be used to replace the lines is largely funded by federal and state dollars. The largest amount, \$75 million, is from the American Rescue Plan Act funds through Michigan Department of Environment, Great Lakes and Energy.

The lines will be replaced at no additional cost to customers, DWSD Director Gary Brown said in a statement.

He also said the fund will enable the department to step up its program to replace lead service lines from about 700 a year to at least 5,000 annually for the next three years.

"While there is no evidence to suggest lead service lines are a contributor to elevated blood lead levels in Detroit, they do pose a risk," Brown said. "With an existing and robust lead service line replacement program, we have the ability to dramatically accelerate our work based on this new funding.

Brown said the money also will enable the department to replace individual service lines outside of the department's capital improvement program. Currently, it only replaces service lines when it replaces the water main on the same street.

The city water department estimates lead service line replacement cost more than \$10,000 per house for the required excavation at the curb-stop valve and boring to install a new line.

Brown said the department is committed to providing its customers with safe drinking water and it will eventually replace all residential lead service lines in the city.

He also said the department will need more funding to replace all of the city's 80,000 lead service lines and it is pursuing additional funding sources.

"We've said for the past four years, we cannot put the cost on the backs of our ratepayers — outside funding is essential to replace the lines," Brown said.

Results of the Lead Service Line Replacement Program as of November 4, 2022:

- 1,692 lead service lines replaced since 2018 while on the same street replacing the water main.
- Existing program funded by DWSD Capital Improvement Program.
- Extensive community outreach that starts at least 40 days in advance of construction to have homeowners/occupants sign agreement.
- \$90M through federal funding, including \$75M in ARPA funds through EGLE, that will enable DWSD to accelerate lead service line replacement.
- The accelerated program will start in Spring 2023 with goal to replace 5,000 lead service lines per year.
- First \$25M contract to go out for bid in the next few weeks.
- Accelerated program to start in areas of the city where there are clusters of lead service lines in order to maximize funding.
- \$1M contracts will be posted for small businesses to apply and participate in this program.
- DWSD has held 12 meetings with prospective contractors in order to expand capacity to perform this work.

### **Affordability rates - DWSD lifeline plan:**

The City of Detroit has struggled with implementing an affordable rate plan for its water and sewage customers for many years.

Now, more than 60,000 city households have delinquent water bills — an estimated 27% of Detroit's 220,000 residential customers, according to DWSD. The average debt per customer is \$700.

Accounts receivable increased dramatically. The city's collection rate dropped from 93% at the start of the pandemic to 75% recently during the ongoing shut-off moratorium.

In June of this year, Detroit's Mayor and DWSD announced the DWSD Lifeline Plan, Detroit's first income-based water affordability plan. On the same day, the Plan was approved by DWSD's Board of Water Commissioners.

- New fixed-rate plan reflects advocates' recommendation that water should be no more than 1.8% of the average household income.
- SNAP and Food Assistance Program enrolled households will have \$18 monthly water bills beginning August 1.
- Qualifying Detroit households who enroll will also have their water bill balance erased.
- Income-eligible Detroiters apply through Wayne Metro at 313-386-9727 or [waynemetro.org](http://waynemetro.org).
- DWSD will launch 60-day public education and listening session to hear feedback and identify improvements before January 2023 launch.

The Detroit Lifeline Plan, developed in partnership with Detroit community advocates and water affordability experts, offers qualifying customers a fixed monthly rate as low as \$18 per month and erases past debt on Detroiters' water bills. It also will help achieve advocates' long-standing goal of a system that charges low-income residents no more than 1.8% of their average monthly income for water service. City officials say the long-hoped-for plan will help thousands of Detroit residents facing water insecurity and is now possible due to regional, state and federal funding.

"When we announced the extension of the water shutoff moratorium through the end of this year, we committed to working toward solution to permanently end water shutoffs for low-income residents," said Mayor Mike Duggan. "The new Lifeline Plan is a major step toward that goal, and those enrolled will continue to participate in a moratorium. We are calling on all elected officials and community leaders to join us to ensure this new program is funded long-term by the state and federal dollars."

The plan approved by the Board of Water Commissioners includes a new inclining block rate structure for water usage that provides a lower water rate to all DWSD customers up to 4,500 gallons per month. Income-qualifying households will pay as little as \$18 per month total for water, sewerage and drainage costs and no more than \$56 per month. Currently, an average Detroit household with three people uses between 2,300 and 3,000 gallons of water per month and pays \$81.62 per month for their water, sewerage and drainage.

"For nearly 10 years we have debated with water advocates whether Detroit could implement a true, income-based water affordability plan," said DWSD Director Gary Brown. "There were many differences of opinion on the subject, and in most cases, we agreed on the need but not the path."

Former Detroit health director and national health advocate Dr. Abdul El-Sayed said, "For too long, low-income Detroiters have lived in fear of having their water shut off because they couldn't afford it. Solving water shutoffs vexed us when I served the city as health director between 2015 and 2017—but I'm honored to have been able to work with Mayor Duggan,



DWSD leadership and the city's committed water advocates to develop a plan that guarantees an affordable rate for every low-income Detroiters. Losing water access because you can't afford to pay your water bill should forever and always be a thing of the past. And that's a testament to people working together. Now we need to do the same to secure funding from regional, state, and federal sources to ensure this program's future."

The DWSD Lifeline Plan provides qualifying Detroiters up to 4,500 gallons of water per month at a fixed rate based on their household income. The plan is divided into a three-tier system based on the average monthly household income for that tier, which will determine precisely how much the household will pay if the household stays under the allotted 4,500 gallons of water per month.

The DWSD Lifeline Plan's three tiers:

- If you receive SNAP/FAP benefits – You pay \$18 a month for water, sewer, and drainage services,
- If you are a low-income household (non-SNAP/FAP) – You pay \$43 a month for your total DWSD bill, or
- If you are a moderate-income household (non-SNAP/FAP) – You pay \$56 a month for your total DWSD bill.

DWSD has based the plan's tiers from a nationwide study of water affordability spearheaded by the Office of the People's Counsel (OPC) of the District of Columbia in Washington, D.C.

If water usage exceeds 4,500 gallons per month, the household will be charged for the additional usage based on DWSD's new inclining block rate structure. For example, under the rates approved today, if the household is enrolled in SNAP and the Lifeline Plan and they use 6,000 gallons of water their bill will then be \$38.06 instead of \$18. Therefore, there is incentive in monitoring water usage.

Under the DWSD Lifeline Plan, the total water bill will be 1.8% of the average monthly household income for each of the three tiers. This is a standard set by community advocates and water affordability experts. The program is funded by regional, state, and federal dollars including the Water Residential Assistance Program (WRAP) and the federal Low Income Household Water Assistance Program (LIHWAP).<sup>1</sup>

When enrolled in the Lifeline Plan or DWSD's 10/30/50 payment plan, the Detroit household continues to participate in a shutoff moratorium. The moratorium will end for all residential water users on January 1, unless you are low-income and enrolled in a program.

Brown added, "WRAP, a compassionate program and with annual regional funding, helped get us to this point. WRAP funding will support the LIFELINE Plan, along with federal funding from LIHWAP. But WRAP is an assistance program. Whereas the DWSD Lifeline Plan is an affordability program that takes into account a household's income."

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<sup>1</sup> It should be noted that the City of Detroit's federal lobbyist, Squire Patton Boggs has recently informed the City Council that there is a bipartisan effort requesting additional funding for the LIHWAP to institute pilot programs authorized for FY 23-25 but not funded in the Inflation Reduction Act of 2022 bill.

Who is eligible?

Income-eligible Detroit households include:

- The 2,500 households currently enrolled in WRAP will be auto-enrolled in the new plan immediately,
- The 19,000-plus households who were previously in WRAP can immediately qualify and will be contacted by Wayne Metropolitan Community Action Agency,
- Low-income-eligible households, and
- Households receiving SNAP/FAP benefits.

Qualifying residents can enroll beginning July 1 by calling Wayne Metro to enroll now at 313-386-9727 or apply at [www.waynemetro.org](http://www.waynemetro.org).

Wayne Metro to invest \$50M to prevent household water leaks. If a residential customer's water usage exceeds 4,500 gallons per month, the water bill will reflect a charge in addition to the capped Lifeline rate. Overage of the 4,500 gallons per month can be caused by issues like faulty plumbing and leaky/running toilets.

After final approval from Governor Gretchen Whitmer, Wayne Metro will invest \$10 Million in state funding per year for the next five years to help low-income residential customers repair leaks in their homes and keep their water usage under 4,500 gallons per month to maintain the DWSD Lifeline Rate.

Detroit water customers can monitor their real-time water usage through an existing mobile-friendly DWSD Customer Service Portal at <https://csportal.detroitmi.gov>; access to a mobile device and/or Wi-Fi service via a collaboration with Wayne Metro and other partners, and automated calls from the DWSD billing system when their usage nears 3,000 gallons.

No Detroit resident will face a water shutoff if enrolled in the Detroit Lifeline Plan or the 10/30/50 Plan. DWSD will continue working with Wayne Metro and coalition partners to ensure it offers eligible Detroiters the help they need.

For households at-risk of a Detroit water shutoff:

- Clear notice on DWSD bill,
- Door hanger notice with information on the DWSD Lifeline Plan,
- Personal outreach with sign-up at your doorstep; and 90-120 days of outreach effort per customer.

As of November 4, 2022, the results of the Lifeline plan so far are:

- 10,815 eligible households applied
- 4,672 households enrolled
  - 3,952 of enrolled households in Tier 1 with \$18 monthly bill
  - 215 of enrolled households in Tier 2 with \$43 monthly bill
  - 505 of enrolled households in Tier 3 with \$56 monthly bill
- 6,143 households in process of being enrolled by Wayne Metro
- In its six years, WRAP has never had more than 4,000 households enrolled in a 12-month period
- 190 households had water audits and scheduled for minor home plumbing repairs

- \$15M in available funding from federal Low Income Household Water Assistance Program (LIHWAP) and WRAP GLWA dollars
- 10 Lifeline Plan Enrollment Fairs held with at least one in each district and more than 70 presentations to community groups, neighborhood associations and block clubs
- DWSD and coalition working with EPA and other federal agencies on long-term funding.

### **Federal and State dollars that benefit DWSD:**

- DWSD has received Federal and State Grants in the past, and with the pandemic situation, they have received federal assistance dollars from the Coronavirus Aid, Relief, and Economic Security Act (CARES) during the summer and fall of 2020 as well as Senate Bill 690(SB 690) in November and December 2020. DWSD's customers received \$600,000 from CARES act and \$12.5 million from SB 690. All of the CARES Act money was deposited to the GLWA Trust account and credited to customer's accounts.
- DWSD received a grant of about \$100,000 from Michigan Department of Environment, Great Lakes, and Energy (EGLE) to mitigate the impact of the Restart Program, and is anticipating \$18 million through the Low Income Household Water Assistance Program.
- Additionally, DWSD expects to receive funds directly from federal funding sources and funds from the State of Michigan from American Rescue Plan Act (ARPA). Exact amounts are not known at this time.
- DWSD has received additional grants for their work with the lead and copper rule that was discussed previously.

### **DWSD Water and Sewer Upgrades:**

DWSD Infrastructure Needs include:

- Lead service line replacement.
- Rebuilding very old water and sewer lines.
- Cleaning sewer lines throughout the City.
- Installation of back-flow preventers.

DWSD statements regarding infrastructure needs in the City:

- We are working aggressively to identify any and all grants, loans, and funds through the state and federal governments to help pay for these needed improvements. We confer with the City's federal lobbyist on a weekly basis to stay abreast of federal legislation drafted and/or before congress that will provide much needed infrastructure funds for all of the needs identified above.
- Infrastructure needs are reviewed on a regular basis, and DWSD is committed to working with the City and other stakeholders to prioritize the use of federal and state funding. Our goal at all times is to keep our rates affordable and increases as low as possible.
- The city of Detroit has aging water and sewer infrastructure. Rather than continue the decades-long method of solely using water main breaks and basement backups to

determine where and when to replace or repair water main and sewer pipes, respectively, DWSD is assessing the condition of the pipes, valves and other assets using cameras and other equipment to gather data. These condition assessments are used to determine emergency repairs as well as necessary upgrades.

- DWSD is leveraging the \$50 million annual lease payment for the regional water and sewer systems operated by the GLWA since 2016, and using funds from improved operational efficiencies. We are also seeking state and federal dollars to accelerate these infrastructure upgrades. We are also working with Guidehouse, the City's consultant, our federal lobbying firm, and in-house staff who work on this, as well.

In the recent City of Detroit Proposed Capital Agenda, dated November 1, 2022, DWSD plans to invest over \$510 million over the course of the five-year capital plan. These investments into the City's water and sewerage infrastructure will continue the City's goal of delivering safe and cost-effective water and sewerage services. In furtherance of our mission to put health and safety in water delivery first, the water main replacement projects will also involve the replacement of lead service lines citywide. The new Basement Backup Protection Program, made possible with American Rescue Plan Act funds, will provide basement backup and flooding solutions for residents in eleven Detroit neighborhoods that have historically experienced basement backups during rain events.

DWSD uses separate debt financing, repaid by revenues from rate payers, to support its ongoing capital improvement program. The DWSD Capital Improvement Plan is subject to approval by the Board of Water Commissioners, and the Great Lakes Water Authority issues bonds to fund the DWSD projects in the plan.

The Infrastructure Coordinating Committee of the City ensures that infrastructure investments are scheduled and implemented in ways that are complementary to other necessary infrastructure investments. For example, when the Department of Public Works intends to replace a stretch of roadway, it will work with the Detroit Water and Sewerage Department and the Public Lighting Authority to ensure that any investments planned by these respective entities are undertaken while the road surface is already removed.

Please let us know if we can be of any more assistance.

cc: Gary A. Brown, Director, DWSD  
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