



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 | Budget FY 2021 | Increase (Decrease) | % Change |
|----------------------------------|-------------------|-------------------|------------------------|-------------|
| Revenue Requirement | (millions) | (millions) | (millions) | |
| 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

| | Budget FY 2020 | Budget FY 2021 | Increase (Decrease) | % Change |
|--|-------------------|-------------------|------------------------|-------------|
| Operations and Maintenance Expenses | (millions) | (millions) | (millions) | |
| 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 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



| | Budget FY 2020 | Budget FY 2021 | Increase (Decrease) | % Change |
|---------------------------------------|-------------------|-------------------|------------------------|-------------|
| Debt and Capital | (millions) | (millions) | (millions) | |
| 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% |

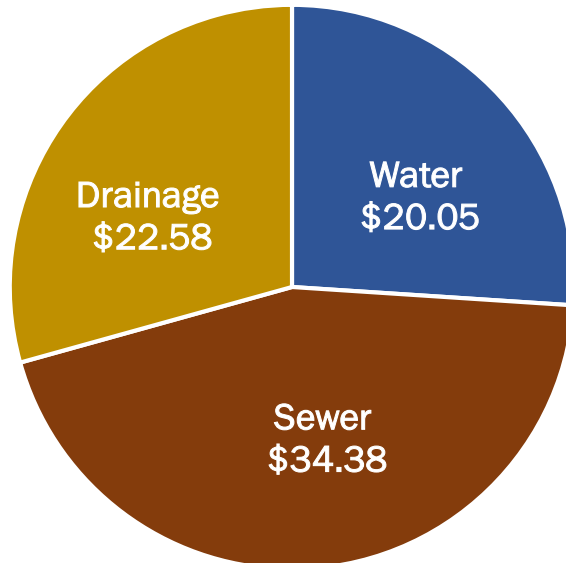
What This Means to Average Customer



The average monthly residential customer bill based on 0.5 Mcf consumption

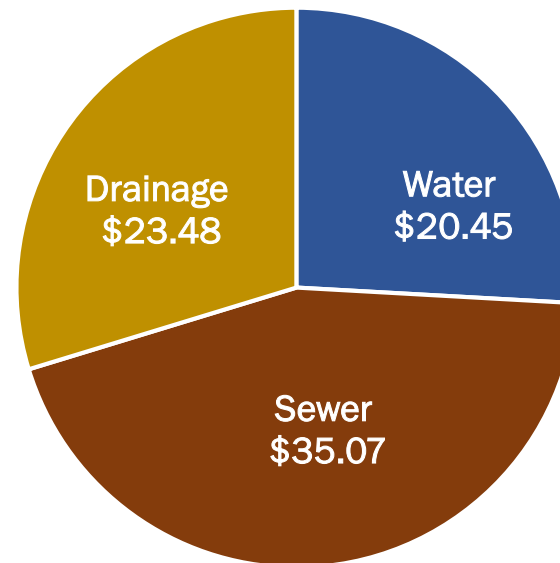
FY 2020

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 |
|---|-------------------|-------------------|------------------------|---------------|
| | (millions) | (millions) | (millions) | |
| Retail Revenues | | | | |
| 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 | Budget FY 2021 | Increase (Decrease) | % Change |
|---|-------------------|-------------------|------------------------|----------------|
| Retail Revenues | (millions) | (millions) | (millions) | |
| 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% |

Detroit Water & Sewerage Department

www.detroitmi.gov/dwsd

FOLLOW US!



Facebook.com/DWSDDetroit



@DetroitWaterDep



@detroitwatersewerage