



Detroit Water and Sewerage Department

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Legislation Text

File #: 18-0138, **Version:** 1

The Board of Water Commissioners for the City of Detroit Water and Sewerage Department **Approval of the 2018 Memorandum of Understanding (“2018 MOU”) between the Detroit Water and Sewerage Department and the Great Lakes Water Authority.**

Agenda of June 20, 2018

Item No. 18-0138

Amount: N/A

TO: The Honorable
Board of Water Commissioners
City of Detroit, Michigan

FROM: Debra N. Pospiech, Esq., Chief General Counsel, Detroit Water and Sewerage Department

RE: **Approval of the Memorandum of Understanding (“2018 MOU”) between the Detroit Water and Sewerage Department (DWSD) and the Great Lakes Water Authority (GLWA)**

MOTION

Upon recommendation of Thomas Naughton, Chief Financial Officer (CFO) and Debra N. Pospiech, Esq., General Counsel, the City of Detroit Board of Water Commissioners:

- 1) Authorizes DWSD’s Director, CFO and General Counsel to finalize, and the Director to execute on behalf of the DWSD, the 2018 Memorandum of Understanding (“MOU”) between the DWSD and the GLWA;**
- 2) Notes that five (5) votes are necessary for approval of this Resolution;**
- 3) Notes that DWSD and GLWA shall create at a minimum four (4) binders including the 2018 MOU and supporting documentation. The binders shall be retained by both parties’ CFOs and General Counsel and kept in their permanent storage; and**
- 4) Authorizes the Director, CFO and General Counsel to take such other action as may be necessary to accomplish the intent of this vote.**

BACKGROUND

The concept of formation of a regional water authority arose as a part of the City of Detroit’s Chapter 9 Bankruptcy. The formation of GLWA was discussed during mediation proceedings held as a part of the bankruptcy case. On June,12, 2015, the City of Detroit and GLWA entered into a Regional Water Supply Lease, a Regional Sewage Disposal Lease (collectively the “Leases”) and a Water and Sewer Services Agreement (“WSSA”). On January 1, 2016, the Leases and WSSA became effective and govern the relationship between DWSD and GLWA. In the course of operations, DWSD and GLWA determined that it would be in their mutual

interest to clarify certain matters pertaining to the operation of the Leases and WSSA and began discussions regarding creation of the 2018 MOU to accomplish that goal. The intent of the 2018 MOU, is to (a) provide clarification of specific sections of the Leases, WSSA and MBO, (b) make adjustments contemplated by the Leases and the WSSA and (c) address the liquidation of specific liabilities.

JUSTIFICATION

The 2018 MOU will clarify specific sections of the Leases and WSSA including the liquidation of specific liabilities. The 2018 MOU is consistent with the intent of the Leases and WSSA to further a long-term collaborative relationship between DWSD and GLWA.

BUDGET IMPACT

The budget impact of the 2018 MOU is outlined in the document. The 2018 MOU does not adversely impact DWSD's ability to perform its current and proposed financial plan.

COMMITTEE REVIEW

This item is being presented directly to the full Board of Water Commissioners.

SHARED SERVICES IMPACT

This item does not impact the shared services agreement between DWSD and GLWA.