



500 West Big Beaver
Troy, MI 48084
troymi.gov

CITY COUNCIL REPORT

Date: October 21, 2020

To: Mark F. Miller, City Manager

From: Robert J. Bruner, Assistant City Manager
Kurt Bovensiepe, Public Works Director
Paul Trosper, Water and Sewer Operations Manager

Subject: Great Lakes Water Authority (GLWA) - Capital Improvement Plan (CIP)

City Council approved a 30-year contract with the Great Lakes Water Authority (GLWA) in 2008 and most recently agreed to the amendments in the 10-year reopener in 2017 (**RESOLUTION #2017-12-2020-J-6**). Through this contract, the City of Troy purchases its water from GLWA and then distributes it to Troy residents and businesses. Similar to the City of Troy's infrastructure improvement plans, GLWA recognized the need to invest in its infrastructure to ensure a safe and efficient operation.

GLWA's Capital Improvement Plan (CIP) for fiscal years 2022-2026 serves as a guide for the effective and efficient provision of capital assets and infrastructure, outlining timing, and financing for the five-year plan. Utilizing the capital replacement strategy to increase resiliency of water and wastewater systems, adhere to long-term planning, solicit stakeholder inputs, and to be best-in-class in planning and execution, the CIP identifies capital investments necessary to enhance and maintain system-wide assets. Key sources of identifying capital requirements include GLWA's comprehensive wastewater and water master plans, condition and needs assessments, regulatory, and operational needs.

Capital projects may include land acquisitions, new construction, additions, renovations to existing buildings, and construction and/or the rehabilitation or replacement of existing equipment or infrastructure. Because of the size and magnitude of the projects or programs GLWA has implemented a financing strategy that aligns capital project financing sources that is subject to change based on the system needs and financial resources available at the time. The financing goals of the CIP are identified below:

- Recovering the cost of capital investments over the useful life of those capital assets by:
 - Minimizing the impact of capital programs on water and sewage revenue requirements
 - Protecting and enhancing GLWA's financial position
- Maintaining affordable charges by planning the renewal and revitalization of assets at a minimum of costs while avoiding the far greater costs and disruptions associated with system asset failures.

The City of Troy adjusts its rates to residents and businesses based on costs provided by GLWA and the city's cost to distribute water to the end user. Costs from GLWA are both fixed costs and variable costs. Since it is GLWA's intent to distribute the costs of these improvements over the useful life of the asset the city should expect to see an increase in its fixed costs. These costs will be spread out



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proportionately to all of GLWA's customers so the City of Troy is not anticipating a large increase over the next 5 years.

The only proposed project in the plan that would have a direct impact on the City of Troy is the plan to replace the current underground reservoir at the corner of Dequindre and South Boulevard with above ground tanks. This will have an impact to the esthetics of the area and the city will be involved with the design when the project is intended to move forward in 2024.

The Water and Sewer Division staff participates frequently in the OneWater discussions, which has influence on the CIP plan. We are in full support of these improvements as it will provide a more reliable service to our residents so we avoid future catastrophic events such as the 84" water main break in 2016.

For more details on GLWA's draft Capital Improvement Plan please visit <https://www.glwater.org/cip/>