

<p>Allen Park Belleville Brownstown Twp. Dearborn Heights Ecorse Lincoln Park</p>	<p>Downriver Utility Wastewater Authority</p> <p>25605 Northline Road • Taylor, Michigan 48180</p>	<p>River Rouge Riverview Romulus Southgate Taylor Van Buren Twp. Wyandotte</p>
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Downriver Utility Wastewater Authority Board of Commissioners

General Certificate

The undersigned hereby certified that (i) the Resolution 2022-005 regarding 'Resolution Adopting the 2023 & 2024 Budget' attached hereto is a true and complete copy of the Resolution duly passed by the Downriver Utility Wastewater Authority Board of Commissioners at a meeting held on December 8, 2022 at which meeting a quorum was presented and remained throughout, (ii) the original thereof is on file in the records of the Downriver Utility Wastewater Authority Board of Commissioners, (iii) the meeting was conducted, and public notice thereof was given, pursuant to and in full compliance with the Open Meetings Act (Act No. 267, Public Acts of Michigan, 1976, as amended) and (iv) Minutes of such meetings were kept and will be or have been made available as required thereby.

YES: Allen Park, Belleville, Brownstown Township, Dearborn Heights, Ecorse, Lincoln Park, River Rouge, Riverview, Romulus, Southgate, Taylor, Van Buren Township, Wyandotte

NO:

ABSTAIN:

ABSENT:

Dated: December 8, 2022



By: Gail McLeod, City of Allen Park
Title: DUWA Chairperson

Allen Park Belleville Brownstown Twp. Dearborn Heights Ecorse Lincoln Park	<h1 style="color: blue;">Downriver Utility Wastewater Authority</h1> <p style="color: blue;">25605 Northline Road • Taylor, Michigan 48180</p>	River Rouge Riverview Romulus Southgate Taylor Van Buren Twp. Wyandotte
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Resolution Adopting the 2023 & 2024 Budgets

Agenda of: December 8, 2022
 Item No.: **2022-005**

TO: Downriver Utility Wastewater Authority
 Board of Commissioners

FROM: Jason Couture, City of Taylor
 DUWA Treasurer

DATE: December 8, 2022

RE: Resolution Adopting the 2023 & 2024 Budgets

MOTION

Upon recommendation of Jason Couture (City of Taylor), DUWA’s Treasurer, the Board of Commissioners (Board) of the Downriver Utility Wastewater Authority (DUWA):

- 1) Approves the attached resolution, 2022-005 adopting the 2023 & 2024 Budgets for DUWA;
- 2) Notes that a majority vote is necessary for the approval of this resolution; and
- 3) Authorizes the Chairperson, Treasurer, or Accountant to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

The Downriver Utility Wastewater Authority (DUWA) assumed the operation of the regional sewer system on September 27, 2018 (the ‘Effective Date’) pursuant to the Definitive Transfer Agreement between DUWA and Wayne County, dated September 27, 2018. DUWA’s Articles of Incorporation, dated August 12, 2015, require DUWA to prepare and adopt an annual budget upon assuming exclusive control over management, administration, ownership and operation of the system. Beginning in fiscal year 2020, DUWA’s Bylaws require the Board to adopt a two-year budget. The Board has received a proposed Budget for 2023 & 2024, and now adopts the Budgets for DUWA.

JUSTIFICATION

The Board is required each year to adopt a two-year Budget for the following two years. The proposed Budget was reviewed by the Board on December 8, 2022. DUWA will use this Budget for ongoing 2023 CY tasks, as well as to establish rates in or around May of 2023.

BUDGET IMPACT

This is the adoption of the Budget.

<p>Allen Park Belleville Brownstown Twp. Dearborn Heights Ecorse Lincoln Park</p>	<p style="text-align: center;">Downriver Utility Wastewater Authority</p> <p style="text-align: center;">25605 Northline Road • Taylor, Michigan 48180</p>	<p>River Rouge Riverview Romulus Southgate Taylor Van Buren Twp. Wyandotte</p>
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Downriver Utility Wastewater Authority

Resolution 2022-005

Resolution Adopting the 2023 & 2024 Budgets

By Board Member: Gail McLeod, City of Allen Park

WHEREAS The Downriver Utility Wastewater Authority (DUWA) assumed the ownership of the regional sewer system on September 27, 2018 (the ‘Effective Date’) and operation of the system on September 28, 2018, pursuant to the Definitive Transfer Agreement between DUWA and Wayne County, dated September 27, 2018.

WHEREAS In accordance with the DUWA’s Articles of Incorporation, the Board shall adopt a one-year operating budget for the Downriver Sewage Disposal System (DSDS) in year 1 of DUWA’s exclusive control over management, administration, ownership and operation of the system. Beginning in fiscal year 2020, DUWA’s Bylaws require the Board to adopt a two-year operating budget; and

WHEREAS The budgeted expenses for each such fiscal year shall equal the sum of the projected expenses and revenue requirements for the DSDS for each such fiscal year; and

WHEREAS The budgeted revenues, debt service, operations and maintenance, and amounts necessary to pay principal of and interest of all system bonds and to restore any reserves therefore reestablished in the Master Bond ordinance for the DSDS for 2023-2024 is shown on ‘Schedule A – Budget Report for DUWA, 590 Sewer Fund’ of the budget document; and

WHEREAS When a quorum is present, a majority of the quorum will be required for an affirmative vote for adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the DUWA Board approves the budget for 2023 & 2024; and be it finally

RESOLVED That DUWA’s Chairperson, Treasurer, or Accountant are authorized to take such other action as may be necessary to accomplish the intent of this resolution.

<p>Allen Park Belleville Brownstown Twp. Dearborn Heights Ecorse Lincoln Park</p>	<p>Downriver Utility Wastewater Authority</p> <p>25605 Northline Road • Taylor, Michigan 48180</p>	<p>River Rouge Riverview Romulus Southgate Taylor Van Buren Twp. Wyandotte</p>
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RESOLUTION ADOPTING THE 2023-2024 BUDGET (cont.)

Schedule A – Budget Report for DUWA, 590 Sewer Fund

DOWNRIVER WASTEWATER UTILITY AUTHORITY
Proposed Two-Year Budget - Fiscal Year 2023 & 2024
Calculations as of 09/30/2022

GL Number	GL Description	2022 Original Budget	2022 Amended Budget	2022 Activity (Thru 09/30/22)	2022 Projected Activity	2023 Recommended Budget	2024 Proposed Budget
Dept 000 - Revenues							
OPERATING REVENUE							
590-000-632.410	Sewage Disposal Charges	12,767,185	12,767,185	9,194,501	12,260,000	13,734,000	14,558,040
590-000-632.440	Excess Flow Charges	11,469,894	11,469,894	8,700,243	11,777,988	12,803,420	13,628,255
590-000-632.450	Industrial Surcharges	415,000	415,000	413,433	482,500	342,000	259,000
590-000-632.480	IPP Surveillance Permit Fees	150,000	150,000	126,395	160,500	154,875	161,070
590-000-632.510	Non-Residential User Fees	540,000	540,000	329,061	515,000	550,800	572,832
590-000-676.000	Reimbursement - Allen Park	(500,000)	(500,000)		(500,000)		
	OPERATING REVENUE	24,842,079	24,842,079	18,763,633	24,695,988	27,585,095	29,179,197
INTEREST AND RENTALS							
590-000-664.000	Interest Earnings	12,000	12,000	103,457	180,000	240,000	240,000
	INTEREST AND RENTALS	12,000	12,000	103,457	180,000	240,000	240,000
OTHER REVENUE							
590-000-671.000	Misc Revenues	2,500	2,500	4,243	4,245	2,500	2,500
590-000-674.300	SRF Billings to Communities	4,912,887	4,912,887	4,912,887	4,912,912	4,907,139	4,919,155
590-000-695.000	SRF Bond Proceeds					1,000,000	4,000,000
	Rate Stabilization Reserve					3,500,000	
	OTHER REVENUE	4,915,387	4,915,387	4,917,130	4,917,157	9,409,639	8,921,655
TOTAL ESTIMATED REVENUES		29,769,466	29,769,466	23,784,220	29,793,145	37,234,734	38,340,852

DOWNRIVER WASTEWATER UTILITY AUTHORITY
Proposed Two-Year Budget - Fiscal Year 2023 & 2024
Calculations as of 09/30/2022

GL Number	GL Description	2022 Original Budget	2022 Amended Budget	2022 Activity (Thru 09/30/22)	2022 Projected Activity	2023 Recommended Budget	2024 Proposed Budget
Dept 300 - Debt Service							
DEBT SERVICE							
590-300-991.100	Debt - Principal - 2018 Revenue Bonds	1,250,000	1,250,000	1,250,000	1,250,000	1,310,000	1,375,000
590-300-991.200	Debt - Principal - SRF Revenue Bonds	3,790,000	3,790,000	3,790,000	3,790,000	3,875,000	3,980,000
590-300-991.400	Debt - Principal - 2021 WIFIA Bonds					400,000	405,000
590-300-991.500	Debt - Principal - Promissory Note					3,500,000	
590-300-992.100	Debt - Interest - 2018 Revenue Bonds	2,670,500	2,670,500	1,995,062	2,670,500	2,606,500	2,539,375
590-300-992.200	Debt - Interest - SRF Revenue Bonds	1,122,887	1,122,887	833,834	1,122,912	1,032,139	1,139,155
590-300-992.400	Debt - Interest - 2021 WIFIA Bonds	308,805	308,805	231,604	308,804	305,344	298,382
590-300-993.000	Bond Issuance Fees	10,900	10,900	11,500	11,500	12,000	12,500
DEBT SERVICE		9,153,092	9,153,092	8,112,000	9,153,716	13,040,983	9,749,412

DOWNRIVER WASTEWATER UTILITY AUTHORITY
Proposed Two-Year Budget - Fiscal Year 2023 & 2024
Calculations as of 09/30/2022

GL Number	GL Description	2022 Original Budget	2022 Amended Budget	2022 Activity (Thru 09/30/22)	2022 Projected Activity	2023 Recommended Budget	2024 Proposed Budget
Dept 536 - Sewer System							
OTHER SERVICES AND CHARGES							
590-536-754.000	Office Expenses	1,000	1,000	508	1,600	1,600	1,600
590-536-801.000	Professional Services	7,000	7,000	8,025	17,522	19,522	15,522
590-536-802.000	Banking Fees	31,500	31,500	15,232	18,000	18,000	18,000
590-536-803.000	Attorney Fees	200,000	200,000	68,564	150,000	222,480	229,154
590-536-804.000	Engineering Services	300,000	300,000	25,706	300,000	300,000	300,000
590-536-804.100	System Administrator Services	300,000	300,000	235,004	300,000	309,000	318,270
590-536-804.200	Accounting Services	45,000	45,000	31,925	48,000	48,000	48,000
590-536-804.300	Audit Fees	39,750	39,750	36,750	36,750	22,400	37,075
590-536-805.000	Financial Services	26,250	26,250	65,010	100,000	41,250	26,250
590-536-840.000	Insurance Premiums	573,300	573,300	421,718	562,198	630,150	825,235
590-536-900.000	Printing and Publishing	4,600	4,600				
590-536-933.000	Software Maintenance	24,300	24,300	2,923	24,200	24,670	25,155
OTHER SERVICES AND CHARGES		1,552,700	1,552,700	911,365	1,558,270	1,637,072	1,844,261
PLANT OPERATIONS							
590-536-807.100	Southgate-Wyandotte - Outfall Usage	149,741	149,741		149,741	152,065	154,388
590-536-808.000	Wyandotte Nuisance Fee	33,000	33,000		33,000	33,000	33,000
590-536-810.000	Veolia O&M Services	12,643,809	12,643,809	9,029,362	12,060,820	12,795,944	13,307,782
590-536-811.000	Sludge Hauling / Disposal	350,000	350,000	1,621,652	2,328,523	1,800,000	624,000
590-536-812.000	Flow Metering	300,000	300,000	225,364	300,500	312,000	324,480
590-536-815.000	Operator Management Fees	50,000	50,000	13,698	13,700		50,000
590-536-820.000	Operating Permits	21,000	21,000		21,000	25,000	25,000
590-536-918.000	Utilities - Water			11,980	15,722	17,766	18,476
590-536-920.000	Utilities - Electric	3,191,621	3,191,621	2,099,450	3,141,828	3,319,680	3,452,467
590-536-921.000	Utilities - Natural Gas	668,030	668,030	217,458	478,893	698,880	726,835
590-536-922.000	Utilities - Oxygen			32,753	47,115	40,068	41,671
590-536-923.000	Utilities - Ferric Chloride			68,204	113,400	140,400	140,400
590-536-924.000	Utilities - Polymer			280,308	485,371	576,000	576,000
590-536-925.000	Utilities - Alum					720,000	720,000
590-536-931.000	Building Maint & Repairs	55,000	55,000				
590-536-955.000	Miscellaneous Expenditures	80,000	80,000	15,819	15,819		
PLANT OPERATIONS		17,542,201	17,542,201	13,616,048	19,205,432	20,630,803	20,194,499

DOWNRIVER WASTEWATER UTILITY AUTHORITY
Proposed Two-Year Budget - Fiscal Year 2023 & 2024
Calculations as of 09/30/2022

GL Number	GL Description	2022 Original Budget	2022 Amended Budget	2022 Activity (Thru 09/30/22)	2022 Projected Activity	2023 Recommended Budget	2024 Proposed Budget
CAPITAL OUTLAY							
590-536-970.000	Capital Outlay					2,060,000	2,121,800
590-536-978.002	Capital Outlay - VFD Pumps	40,000	40,000				
590-536-978.006	Capital Outlay - Biosolids Dryer			1,193,097	1,193,097		
590-536-978.008	Capital Outlay - Pump Rebuilds	30,000	30,000				
590-536-978.009	Capital Outlay - Roofing			3,708	3,708		
590-536-978.012	Capital Outlay - HMI Replacement	75,000	75,000				
590-536-978.013	Capital Outlay - PLC Upgrades	35,000	35,000				
590-536-978.015	Capital Outlay - TowBro Clarifier Rehab	350,000	350,000				
590-536-978.016	Capital Outlay - HVAC Improvements	215,000	215,000	28,172	28,172		
590-536-978.017	Capital Outlay - Other Critical Repairs	385,000	385,000	26,400	26,400		
590-536-978.019	Capital Outlay - CIP Development	150,000	150,000				
590-536-978.020	Capital Outlay - Roof Program	100,000	100,000				
590-536-978.021	Capital Outlay - UV Disinfection					1,000,000	4,000,000
590-536-978.022	Capital Outlay - Flowmeter Replacement	15,000	15,000				
590-536-978.023	Capital Outlay - Building Repairs	100,000	100,000	38,280	38,280		
590-536-978.024	Capital Outlay - SFE System Rebuild	150,000	150,000	10,480	10,480		
590-536-978.025	Capital Outlay - Fine Screens Rehab	80,000	80,000				
590-536-978.026	Capital Outlay - RAS Line Repair	120,000	120,000				
590-536-978.027	Capital Outlay - H2S Controls			6,085	6,085		
590-536-978.032	Capital Outlay - Fordline Interceptor			28,290	28,290		
590-536-978.034	Capital Outlay - Control Measure "A"			108,474	108,474		
590-536-978.035	Capital Outlay - Meter Replacement			13,985	13,985		
CAPITAL OUTLAY		1,845,000	1,845,000	1,456,971	1,456,971	3,060,000	6,121,800
TOTAL APPROPRIATIONS		30,092,993	30,092,993	24,096,384	31,374,389	38,368,858	37,909,972
NET OF REVENUES/APPROPRIATIONS - FUND 590		(323,527)	(323,527)	(312,164)	(1,581,244)	(1,134,124)	430,880
BEGINNING FUND BALANCE		101,664,249	101,664,249	101,664,249	101,664,249	100,083,005	100,083,005
ENDING FUND BALANCE		101,340,722	101,340,722	101,352,085	100,083,005	98,948,881	100,513,885

DOWNRIVER WASTEWATER UTILITY AUTHORITY
Proposed Two-Year Budget - Fiscal Year 2023 & 2024
Calculations as of 09/30/2022

GL Number	GL Description	2022 Original Budget	2022 Amended Budget	2022 Activity (Thru 09/30/22)	2022 Projected Activity	2023 Recommended Budget	2024 Proposed Budget
		2023 Recommended Budget	2024 Proposed Budget				
	Rate Covenants:						
	Total Revenues	37,234,734	38,340,852				
	Less: O&M	(20,630,803)	(20,194,499)				
	Less: System Admin	<u>(1,637,072)</u>	<u>(1,844,261)</u>				
	Net System Revenue	14,966,859	16,302,092				
	Senior Lien Debt	3,916,500	3,914,375				
	WIFIA Debt	705,344	703,382				
	Junior Lien Debt	4,907,139	5,119,155				
	Wayne County Promissory Note	<u>3,500,000</u>	<u>-</u>				
	Total Debt Service	13,028,983	9,736,912				
	Debt Covenant Ratio	1.15	1.67				
	Debt Covenant Minimums	1.00	1.00				