



September 10, 2015

Mr. Brian Kischnick  
City Manager  
City of Troy  
500 W. Big Beaver  
Troy, Michigan 48084

Dear Mr. Kischnick:

**Regarding: Information to Assist in Great Lakes Water Authority  
Contract Assignment Deliberations**

We understand that the Troy City Council will be taking up the matter of the assignment of Troy's current water service contract with the City of Detroit to the Great Lakes Water Authority (GLWA) at its September 14<sup>th</sup> session and thought it may be helpful to provide some additional background information to assist Council in its deliberations on this important matter. To that end, please find below a response to certain claims presented by a Mr. Bob Cushman of Northville Township, and links to documents and videos that explain the stand-up of the new GLWA.

Regarding the claims of Mr. Cushman, we would like to reinforce some facts about the Detroit Water and Sewerage Department (DWSD) system.

1. In Michigan, public sector water utilities, including DWSD, have never been regulated by the Michigan Public Services Commission (MPSC).
2. DWSD's methods for allocating costs of service to customer communities and designing charges to recover those charges are in alignment with industry standard principles, including those employed by the MPSC, and were developed through a cooperative process that included representatives of our customer communities through the existing Customer Outreach process.
3. DWSD suburban customers are all wholesale contract customers, and each owns and operates their individual retail system and has the privilege and responsibility of serving their individual constituents. In comparison, other large water systems are controlled by the core city (e.g. Chicago, Cleveland) and the individual "suburban" residents and businesses in those systems are not served by an elected board in their own community, but by the core city.

The problem with the information presented by Mr. Cushman is that the DWSD system is the most decentralized of any of these "peer systems" which he identified. In Southeast Michigan, every local government has responsibility for the ultimate provision of water service to their residents and businesses. If DWSD was to operate like these "peer" communities, each city, village and township would need to turn the local control of their systems over to the regional system. His analysis incorrectly compares DWSD wholesale rates with retail rate structures.



Further, his statement that the highest DWSD “rate zone” is 900% more costly than the lowest DWSD “rate zone” is simply not true and illustrates his lack of knowledge of the DWSD charge system.

The DWSD Customer Outreach Team has been hard at work creating videos for use in our customer communities. The intent of these productions is to provide short, summary information suitable for legislative bodies and the general public to assist in their understanding of the complex process to lease the assets of the billion dollar Detroit water and sewer system to the GLWA. Please visit the DWSD Customer Outreach portal ([www.dwsdoutreach.org](http://www.dwsdoutreach.org), on the home page under the heading “Great Lakes Water Authority”) for access to videos discussing the following topics: “Making History: Building the Great Lakes Water Authority”; “GLWA FAQ Responses by GLWA Chair Robert J. Daddow”; “Judge Cox Responds to FAQs about the GLWA”; “Introduction to Detroit’s Water and Sewer Collections Improvement Plan”; and “Reflections from the Water Residential Assistance Plan (WRAP) Advisory Group.” On the same page, amongst the video links, you will find links to documents, including the Lease Agreements, GLWA Fact Sheet, GLWA-Detroit FAQ, WRAP FAQ and presentation, and a copy of the Customer Outreach meetings presentation.

Lastly, I would to take a moment to express my gratitude for Troy’s past and present efforts in our Customer Outreach efforts. Troy has always been a good partner in this process and its dedication to this effort is much appreciated.

Sincerely,

A handwritten signature in black ink, reading "Sue F. McCormick".

Sue F. McCormick  
Director