



**LANSING BOARD OF WATER & LIGHT BOARD OF COMMISSIONERS  
FINANCE COMMITTEE MEETING  
Tuesday, May 9, 2023 – 6:00 P.M.  
Board of Water & Light Headquarters – REO Town Depot  
1201 S. Washington Ave., Lansing, MI 48910**

Finance Committee: Dusty Horwitt, Committee Chairperson; Semone James; David Price; and Sandra Zerkle; Alternates: Anthony Mullen, Tracy Thomas; Non-Voting: Douglas Jester, Larry Merrill, Maggie Sanders

BWL full meeting packets and public notices/agendas are located on the official web site at <https://www.lbwl.com/about-bwl/governance>.

**AGENDA**

Call to Order

Roll Call

Public Comments on Agenda Items

- 1. Finance Committee Meeting Minutes of March 16, 2023..... **TAB 1**
- 2. March YTD Financial Summary ..... **TAB 2**
- 3. Retirement Planning Committee (RPC) Updates ..... **TAB 3**
- 4. Drinking Water State Revolving Fund (DWSRF) Bond Resolution ..... **TAB 4**
  - a. DWSRF Bond Resolution..... **TAB 4a**
- 5. FY24 Operating Budget and FY24-29 Forecast Presentation..... **TAB 5**
  - a. FY2024-2029 Budget and Forecast Resolution ..... **TAB 5a**
- 6. Coal Inventory Fluctuation Designated Fund..... **TAB 6**
  - a. Resolution to Remove Designation and Release for Unrestricted Use ..... **TAB 6a**

Other

Adjourn

**FINANCE COMMITTEE**  
**Meeting Minutes**  
**March 16, 2023**

Finance Committee: Dusty Horwitt, Committee Chairperson; Semone James; David Price; and Sandra Zerkle; Alternates: Anthony Mullen, Tracy Thomas; Non-Voting: Douglas Jester, Larry Merrill, Maggie Sanders

The Finance Committee of the Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot, located at 1201 S. Washington Ave., Lansing, MI on Thursday, March 16, 2023.

Finance Committee Chairperson Dusty Horwitt called the meeting to order at 6:22 p.m. and asked the Corporate Secretary to call the roll.

Present: Commissioners Dusty Horwitt, Semone James, David Price, and Sandra Zerkle  
Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

There were no public comments.

**Approval of Minutes**

**Motion** by Commissioner Price, **Seconded** by Commissioner James, to approve the Finance Committee Meeting minutes of January 10, 2023.

**Action:** Motion Carried. The minutes were approved.

**January YTD Financial Summary**

CFO Heather Shawa presented the January YTD Financial Summary.

**Capital Project Report**

CFO Heather Shawa presented the Capital Project Report. Under the Annual Project List, the projected cost for Electric is \$3,000,000 over budget which is mainly due to the pole replacement program. Any updated projections and costs will be placed on the agenda of the May Finance Committee Meeting. GM Peffley added that an assessment was made of pole replacements needed and there were more poles needing replaced than anticipated.

In response to Chairperson Horwitt, GM Peffley stated that the process to evaluate pole replacement starts with a device that measures the density of the pole starting at the base and at a certain density percentage the pole needs to be replaced. The process can be provided at a future COW meeting if required.

### **Capital Project Exceedance – Water Annuals Resolution**

CFO Shawa requested approval by resolution for a Capital Project Exceedance on Water Annuals. The exceedance is due to supply chain lead times and inflation in accordance with CSO projects with the City, and also increasing meter inventory ahead of time to avoid supply issues. GM Peffley added that the three major CSO projects of the City of Lansing have amounts 75% over budget due to supply chain costs and inflation for their projects.

**Motion** by Commissioner Price, **Seconded** by Commissioner Zerkle, to forward the Resolution for the Capital Project Exceedance: AW – Water Annuals to the full Board for consideration.

**Action:** Motion Carried.

### **Capital Project Exceedance – Common Annuals Resolution**

CFO Shawa requested approval by resolution for a Capital Project Exceedance on Common Annuals. The exceedance is due to expansion of the fleet for the water distribution department to complete the goal of 8 miles of water main replacement.

**Motion** by Commissioner James, **Seconded** by Commissioner Price, to forward the Resolution for the Capital Project Exceedance: AW – Common Annuals to the full Board for consideration.

**Action:** Motion Carried.

### **Retirement Plan Committee (RPC) Updates**

CFO Shawa presented the Retirement Plan Committee updates. In response to Commissioner Zerkle, CFO Shawa responded that for the 17 participants for which the DB and VEBA documentation is needed for payment, the deadline was extended to March 10, 2023. Human Resources is continuing to work with the participants.

### **Drinking Water State Revolving Fund (DWSRF) Update**

CFO Shawa presented the DWSRF update. The BWL was awarded \$32 million in loan funding specific to water infrastructure with a loan forgiveness portion of up to \$20 million in the award. The funding is expected to be received within the next year. The funding will be used for the water tower, for water main replacement, and for a piece of equipment for the water treatment plant on Wise Road. Two resolutions will be presented for approval. One at the May Finance Committee meeting and the other at the July Finance Committee meeting. The first resolution will be a notice of intent to issue revenue bonds with a 45-day public comment period, and the second will be a resolution allowing the CFO to issue the bonds.

### **Internal Auditor RPC Audit Report**

Internal Auditor Macciocca reported that he had completed the draft audit of the Retirement Plan Committee (RPC), provided a draft conclusion and stated that management would respond within 30 days. In developing the report, it was found that the RPC is highly functioning and competent in the performance of its duties, and its activities as a fiduciary are in the best interest of its stakeholders.

In response to Commissioner Merrill inquiring about a recommendation to remove the protections for negligent behavior in the draft report, Mr. Macciocca stated that there are protections for the fiduciaries as long as the fiduciaries hold to the standard of being competent and not negligent.

**Other**

Commissioner David Price invited the meeting attendees to attend the St. Patrick's Day event Breakfast with Bagpipes at 9:00 am at the Lansing Brewing Company at which the Glen Erin Pipe Band will be playing.

Commissioner Jester expressed appreciation for the continuing high reliability of the distribution system.

GM Peffley stated that he would put a package together regarding a praise letter placed in the City Pulse, a meeting about the outage with the State Journal Editorial Board and the Detroit Free Press. No primary wires were downed during the outage and BWL sent crews to help other utilities.

Commissioner Leek congratulated the staff on the new BWL commercial.

**Adjourn**

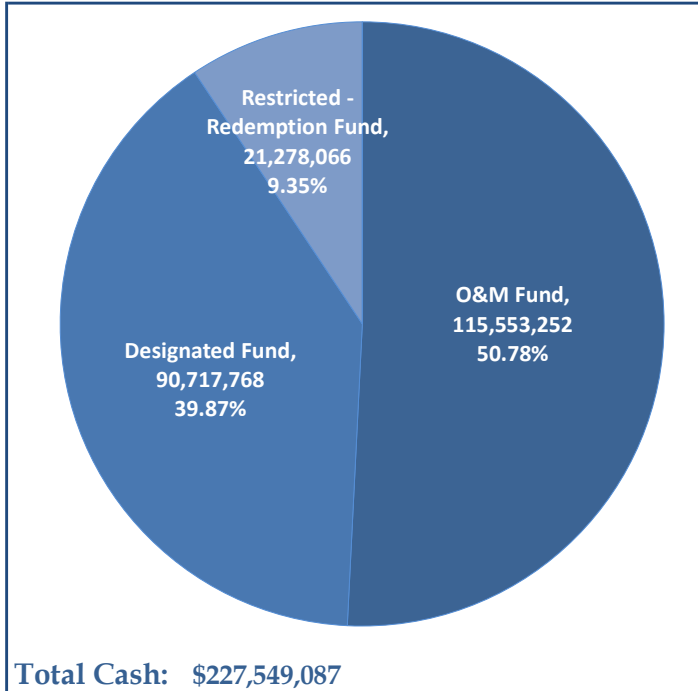
Chairperson Dusty Horwitt adjourned the meeting at 6:54 p.m.

Respectfully submitted,  
Dusty Horwitt, Chairperson  
Finance Committee

# Financial Summary - March 2023 - FY23



## Cash



## Income Statement YTD

	Actual YTD	Budget YTD	Difference	%
Retail	\$ 277,380,208	\$ 248,500,337	28,879,871	12%
Wholesale	\$ 60,785,788	\$ 76,270,003	(15,484,215)	-20%
<b>Total Revenue</b>	<b>\$ 338,165,996</b>	<b>\$ 324,770,340</b>	<b>13,395,656</b>	<b>4%</b>
Operating Expenses	\$ 285,601,526	\$ 280,549,955	5,051,571	2%
Non Operating Income/(Exp)	\$ (35,643,962)	\$ (38,175,630)	2,531,668	-7%
<b>Net Income</b>	<b>\$ 16,920,509</b>	<b>\$ 6,044,755</b>	<b>10,875,753</b>	<b>180%</b>
<b>FY 2023 Budgeted Net Income</b>		<b>\$ 5,867,605</b>		

## Budget Status YTD

O&M Budget YTD (excluding fuel)				
	Actual YTD	Budget YTD	Difference	%
FY 2023 Approved Budget	\$ 162,258,289	\$ 125,302,980	\$ (299,542)	0%
% of Approved Budget	77%	77%		
Capital Budget YTD				
	Actual YTD	Budget YTD	Difference	%
FY 2023 Approved Budget	\$ 71,804,326	\$ 46,634,273	\$ 5,128,672	11%
% of Approved Budget	72%	65%		

	Month End	Target
Days Cash on Hand	200	166
Credit Rating (S&P/Moody's)	AA-/Aa3	AA-/Aa3
Debt Service Coverage	2.41	2.00

### Days Cash on Hand:

$$\frac{\text{O\&M Fund - Portion Restricted By Bond Covenants + Designated Funds}}{(\text{Budgeted Operating Expenses - Depreciation + RoE to City}) / 365}$$

### Debt Service Coverage:

$$\frac{\text{Projected Net Income + Depreciation Expense + Interest Expense}}{\text{Debt Principal + Debt Interest}}$$

## Return on Assets

Actual YTD	Budget YTD	Target
2.83%	2.16%	4.01%

Return on Assets =  $\frac{\text{YTD Net Income} + \text{YTD Interest Expense}}{\text{Net Fixed Assets} + \text{Inventory}}$

# Financial Summary - March 2023 - FY23



## Ratios

### Operating Ratio

O&M Expense	\$ 233,129,214	=	0.69	APPA Median 0.68
Revenue	\$ 338,165,996			

Measures the proportion of revenues to cover the operations and maintenance costs

### Current Ratio

Current Assets	\$ 241,650,132	=	2.86	APPA Median 1.47
Current Liabilities	\$ 84,501,510			

Measures whether current assets are sufficient to pay current liabilities within one year

### Debt to Total Assets

LT Debt + Accrued Liabilities	\$ 969,283,255	=	0.58	APPA Median 0.54
Total Assets	\$ 1,683,108,690			

Measures the ability to meet its current and long-term liabilities based on the availability of assets

### Days Sales Outstanding

Average Accounts Receivable	\$ 33,041,487	x 31 =	30	Prior Year 40
Sales	\$ 34,688,654			

Measures the average number of days it takes to collect payment after a sale is made

### Bad Debt

12 Month Rolling Bad Debt Exp	\$ 2,089,553	=	0.48%	Prior Year 0.72%
12 Month Rolling Revenue	\$ 435,997,174			

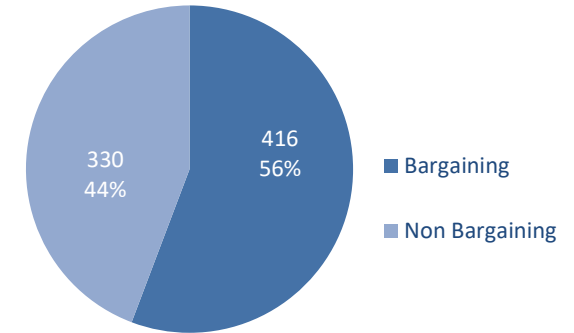
Measures the portion of each revenue dollar that will not be collected

## Employee Data

### Employee Count

Employee Count YTD	746
Budget YTD	756
Over/(Under) #	(10)

Full Time Equivalent	23
Temporary Employees	



### Payroll Data

	Actual YTD	Budget YTD	Difference	%	Prior Year
Regular	\$ 53,707,628	\$ 55,033,145	\$ (1,325,517)	-2.4%	\$ 56.96
Overtime	\$ 5,773,772	\$ 6,110,136	\$ (336,364)	-5.5%	
Total	\$ 59,481,400	\$ 61,143,281	\$ (1,661,881)	-2.7%	
Total Hours Worked	1,019,513				
Labor \$/Hours Worked	\$ 58.34				

### Benefits Cost

(Including Retirees)	Actual YTD	Budget YTD	Difference
Health	\$ 11,525,695	\$ 14,600,905	\$ (3,075,210)
Rx	\$ 2,255,704	\$ 2,527,846	\$ (272,141)
Dental	\$ 969,629	\$ 1,070,076	\$ (100,447)
Life	\$ 318,090	\$ 426,753	\$ (108,663)
FICA	\$ 4,384,373	\$ 4,310,976	\$ 73,397
Other	\$ 860,026	\$ 1,530,257	\$ (670,231)
Total	\$ 20,313,518	\$ 24,466,813	\$ (4,153,295)