



## **DWSD MANAGEMENT RESPONSE TO VEOLIA PEER REVIEW**

On behalf of our Department, DWSD's management would like thank Veolia for its thoughtful efforts in completing this Peer Review of DWSD's operations. We recognize that this review was accomplished in a compressed timeframe and consumed significant staffing resources. The outcome is an in-depth peer review which provides further validation of DWSD's overall strategic direction, points out the many policy choices facing utility operators, and provides insightful considerations to assist DWSD in making those choices.

When evaluating this organization and the challenges it faces, it is important to put the utility in context. DWSD is less than three years into greater operational independence granted by court order and less than one year since the end of approximately 35 years of federal operational oversight. During the brief time that Veolia's Subject Matter Experts were conducting this peer review, DWSD:

Handled a 300 year rain; running the Wastewater Treatment Plant at full capacity for 27 hours while utilizing all nine combined sewer overflow (CSO) systems.

Successfully offered a voluntary market based alternative to the City's Plan of Adjustment – a bond tender which reached 93% of the bonds targeted.

Supported a conduit financing through the Michigan Finance Authority based on that tender which results in savings of almost \$250 million in interest cost over the life of the bonds. The bond sale was subscribed over four times the amount of bonds available.

As a part of the City of Detroit's bankruptcy proceedings, participated in four court ordered mediations and the trial of an adversary complaint.

Began the job placement process for its unionized personnel.

Worked with MDEQ to successfully revise portions of its Administrative Consent Order to reflect optimized staffing at the wastewater treatment plant.

Began the presentation of model sewer contracts to customers that include the "rate simplification" developed with considerable customer input; and

Worked with the Mayor Duggan's office to "roll out" the 10-30-50 customer payment plan initiative and to bring over two million dollars of external funding for residential customers in need.



Supported the historic effort to form a regional water authority and reorganization of the City of Detroit retail customer system.

In recent years DWSD has been fortunate to have received insightful expert analysis and peer feedback from many sources: EMA, OHM, Veolia, DWSD's Water Master Planning work group and other customer supported and facilitated planning groups. Each of these reports provides valuable insights and validations of the overall strategic direction of this utility. Similarly, each of these reports provides suggestions for capital investment and/or consideration of alternative approaches to operational issues that face or may soon face this Department. Just as it has with other expert and peer reports, DWSD will review Veolia's recommendations and apply them as is appropriate to the challenge at hand in consultation with our governing Board, our customers, and, when applicable, regulatory agencies.

The pace of change in DWSD as an organization is unprecedented. Given this pace of change and the dynamic situation in which DWSD currently finds itself, management has concluded that it would not be productive to provide a point-by-point review or response to Veolia's Peer Review findings at this time. Veolia's Peer Review reflects a specific perspective at moment in time. Rather than provide a similar temporal response, DWSD management believes it is more valuable to consider Veolia's and other expert recommendations at the time and in the context of specific choices facing the utility. With this goal of "getting it right when it counts" in mind, we look forward to utilizing this Peer Review along with other expert recommendations, best practices and alternatives as we move forward to better serve our customers.

Finally, we would like to close these comments as we started by thanking Veolia for their diligence and dedication in conducting this Peer Review. We believe that the Peer Review provides DWSD with another insightful resource to consider in its future choices and are grateful to have it. DWSD is equally grateful for the opportunity for the peer-to-peer dialogue we have had with Veolia's team during this review. While in some cases our perspectives differ, the dialogue has truly been a valuable and insightful process that we believe will be helpful to DWSD, its management, and ultimately to its customers.