

# Review of Proposed FY 2024 & FY 2025 Biennial Budget and FY 2024 Charges

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*GLWA Board of Directors*

*January 25, 2023*



# Financial Plan Schedule

- **10/19/2022** - Capital Improvement Programs (Rollout #1)
- **11/16/2022** - Preliminary Units of Service (Rollout #2)
- **11/17/2022** – Executive Budget Briefing with Board
- **12/16/2022** – Regular Audit Committee – Budget Session #1 (receives long-term forecast; budget draft; charges strategy)
- **1/12/2023** – Preliminary Proposed FY 2024 Budget and Financial Plan and Preliminary Charges (Rollout #3)
- **1/19/2023** – Follow Up Review Session (Rollout #4)
- • **1/25/2023** – Board Briefing - Budget, Charges, Financial Plan
- **1/27/2022** – Regular Audit Committee – Budget Session #2
- **2/22/2023** – GLWA Public Hearing; Board action follows on or after this date after Public Hearing conducted
- **7/1/2023** – Effective Date for Charges

# Executive Summary of FY 2024 & FY 2025 Budget and FY 2024 Charge Proposals



# Four Key Takeaways

1. **Budget:** Overriding theme is trade-offs due to unprecedented economic times in all areas of spending – chemicals, utilities, labor, and capital projects – while advancing resiliency.
2. **Charges:** The System-Wide Charges Revenue increase is 2.75 percent for both Water and Sewer – well below the rate of inflation of 6.5%\*.
3. **Bad Debt Recovery:** Highland Park Bad Debt Expense is NOT included in the FY 2024 Charges.
4. **CAP:** For Water System Member Partners, the FY 2024 Charges reflect the every-four-year “reset” in shares based on Contract Alignment Process (CAP) outcomes while promoting long-term stability.

\*As of December 13, 2022 Bureau of Labor Statistics, released January 13, 2023

## Charge Revenue Well Below Inflation

*The System-Wide Charges Revenue Increase is 2.75% for both Water and Sewer – Well Below the Rate of Inflation of 6.5%.*

- a) Memorandum of Understanding (MOU) which established GLWA included a fundamental requirement to limit annual budget increases to no more than four percent (the 4% Promise) for each of the first 10 years of the Authority's operation.
- b) As challenging as that commitment has been to maintain, particularly this year with historic operational cost increases and inflationary pressures on capital programming, we remain steadfast in the 4% Promise.
- c) Fortunately, increased investment earnings reduce the pressure on FY 2024 charges to keep the system-wide charges increase to 2.75%, despite the need for a 4% revenue requirement budget increase.

# ***Highland Park Bad Debt Expense is NOT Included in the FY 2024 Charges.***

## ***Highland Park Bad Debt Expense is NOT Included in the FY 2024 Charges.***

- a) The city of Highland Park has been making partial payments on their sewer system charges.
- b) Though the matters have not been settled and we are still in confidential mediation, we believe that the progress being made warrants an optimistic pause as we move closer to a permanent resolution for both the water and sewer systems.

# *Water System Contract Alignment Process (CAP) “Reset” Year; Sewer System Stable*

## **Water System**

- a) In 2022, for the first time, **over 80** Water System Member Partners renegotiated contract demands.
- b) CAP is a four-year cycle for resetting (aligning) Member Partner water demands, including annual volumes and during peak periods, based on a consistent period of data and relevant factors across all Member Partners.
- c) Realignment causes shifts among Water System Member Partners every four years, as cost of service allocations are “reset”.
- d) The benefit of stability for three years offsets the variability in one year – stability in past three years has been beneficial for Member Partners’ budgeting and rate setting.

## **Sewer System**

- a) Sewer SHARES in place for another year – simple, uniform adjustment across all Member Partners.

# Proposed Budget Highlights





# Three Key BUDGET Categories

“BUDGET” = “Revenue Requirement”

1. *Operations & Maintenance Expense*
2. *Capital Program Funding (Past, Present, and Future)*
  - ✓ Debt Service
  - ✓ Deposit to the Improvement and Extension (I&E) Fund  
(a/k/a Revenue Financed Capital Improvements or Paygo Capital)
3. *Non-Operating Commitments*
  - ✓ GLWA’s Share of the Closed, Legacy DWSD Pension Liability Pool
  - ✓ Water Residential Assistance Program Deposit
  - ✓ Lease Payment

*Note:* Master Bond Ordinance defines (*in much greater detail*) how funds received are prioritized among the above categories

# Water System

**5** 

Treatment Plants



816 miles of  
transmission main



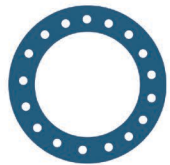
**3.8 MILLION**  
PEOPLE SERVED



**88** Member Partners  
across **112** communities



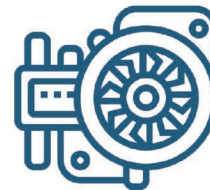
Treatment capacity of **1,720**  
million gallons per day



**3** Water  
Intakes



**19** BOOSTER  
PUMP STATIONS



**1,698 SQ. MILE**  
service area

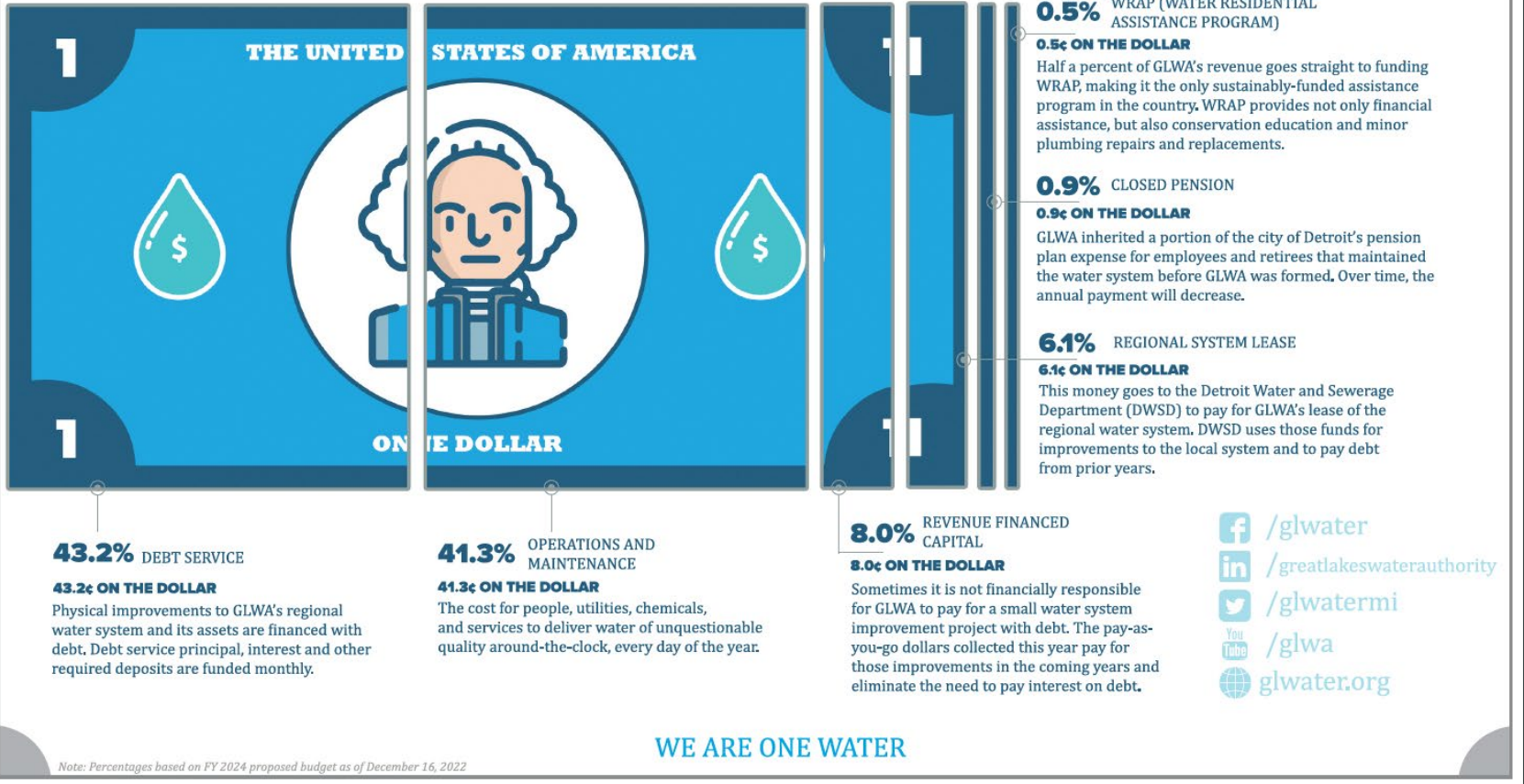
## MISSION:

*To exceed our member partner's expectations by utilizing best practices in the treatment and transmission of water and wastewater, while promoting health communities and economic growth.*

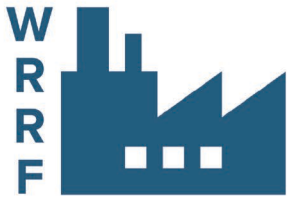
# FY 2024 Proposed Water Revenue Requirement

## MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for **Water Services** provides for...



# Wastewater System



The largest single-site wastewater treatment facility in the United States



195 miles of trunk sewers & interceptors



**2.8 MILLION**  
PEOPLE SERVED



**19** Member Partners  
across **79** communities



Treatment capacity of **1,700**  
million gallons per day

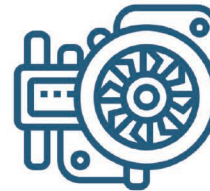


CSOs



Interceptors

**9** PUMP  
STATIONS



**944 SQ. MILE**  
service area

## VISION:

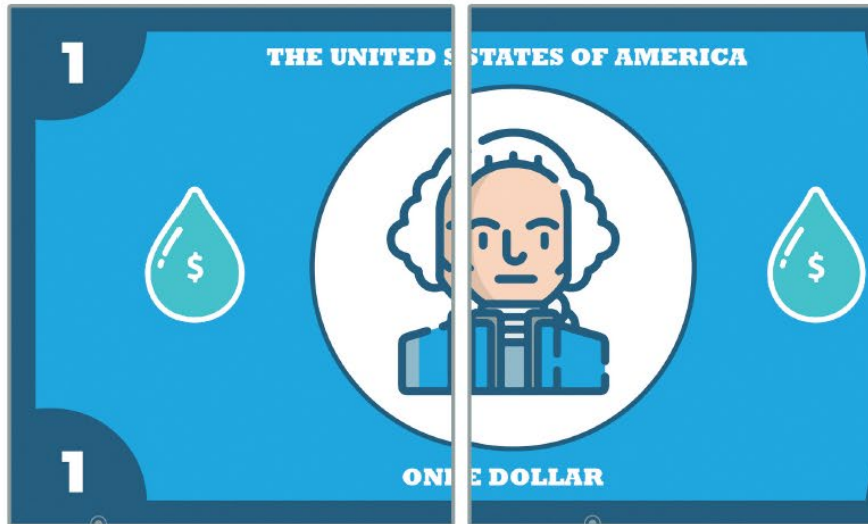
*Through regional collaboration, GLWA strives to be the provider of choice, dedicated to efficiently and effectively delivering the nation's best water and sewer services in partnership with our member partners.*



# FY 2024 Proposed Sewer Revenue Requirement

## MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for **Wastewater Services** provides for...



### 44.9% DEBT SERVICE

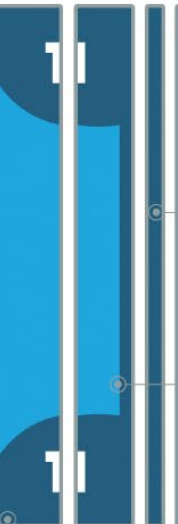
#### 44.9¢ ON THE DOLLAR

Physical improvements to GLWA's regional sewer system and its assets are financed with debt. Debt service principal, interest and other required deposits are funded monthly.

### 41.1% OPERATIONS AND MAINTENANCE

#### 41.1¢ ON THE DOLLAR

The cost for people, utilities, chemicals, and services to deliver effective and efficient wastewater services around-the-clock, every day of the year.



### 6.7% REVENUE FINANCED CAPITAL

#### 6.7¢ ON THE DOLLAR

Sometimes it is not financially responsible for GLWA to pay for a small wastewater system improvement project with debt. The pay-as-you-go dollars collected this year pay for those improvements in the coming years and eliminate the need to pay interest on debt.

### 0.5% WRAP (WATER RESIDENTIAL ASSISTANCE PROGRAM)

#### 0.5¢ ON THE DOLLAR

Half a percent of GLWA's revenue goes straight to funding WRAP, making it the only sustainably-funded assistance program in the country. WRAP provides not only financial assistance, but also conservation education and minor plumbing repairs and replacements.

### 1.3% CLOSED PENSION

#### 1.3¢ ON THE DOLLAR

GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the sewer system before GLWA was formed. Over time, the annual payment will decrease.

### 5.5% REGIONAL SYSTEM LEASE

#### 5.5¢ ON THE DOLLAR

This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional wastewater system. DWSD uses those funds for improvements to the local system and to pay debt from prior years.



WE ARE ONE WATER

Note: Percentages based on FY 2024 proposed budget as of December 16, 2022

# Financial Plan Highlights

<b>System</b>	<b>Water</b>	<b>Sewer</b>
<b>Theme</b>	<i>Short-term Capital and O&amp;M Pressures</i>	<i>Long-term Sustainability in Sight</i>
<b>Annual Revenue Requirement Increase Limit</b>	<i>4% FY 2024 &amp; FY 2025 6% FY 2026 – FY 2033</i>	<i>4% FY 2024 &amp; FY 2025 5% FY 2026 – FY 2028 3% FY 2029 – FY 2033</i>
<b>CIP &amp; Capital Spending Ratio</b>	<i>January 18, 2023 Version (“CIP Draft 2”) – 100%</i>	<i>January 18, 2023 Version (“CIP Draft 2”) – 100%</i>
<b>Reliance on Debt for Capital</b>	<i>More</i>	<i>Less</i>
<b>Debt Service Coverage Ratios</b>	<i>Growth late in forecast but desired levels (1.5 by FY 2028 and 1.8 by FY 2033) are not attained</i>	<i>Better progress towards desired levels (1.5 by FY 2028 and 1.8 by FY 2033)</i>
<b>Risks</b>	<i>Increased Capital vs. Acceptable Revenue Growth Assumptions Increased Regulatory Requirements Legacy Pension</i>	<i>Increased Regulatory and Resiliency Requirements Legacy Pension</i>

## Financial Plan Highlights - continued

System	Water	Sewer
<b>O&amp;M Biennial Budget Forecast - FY 2024 &amp; FY 2025</b>	<i>Overall increase of 5.6% for FY 2024 and 6.5% for FY 2025                      Reflection of extraordinary inflationary pressures, particularly on commodity prices                      Deferral of staffing budget</i>	<i>Overall increase of 11.7% for FY 2024 and 5.1% for FY 2025                      Reflection of extraordinary inflationary pressures, particularly on commodity prices                      Deferral of staffing budget</i>
<b>O&amp;M Forecast Remainder of the Five-Year Plan</b>	<i>Average of 2.0% in total</i>	<i>Average of 2.0% in total</i>

## Financial Plan Highlights - continued

System	Water	Sewer
<p><b>Debt Service – Biennial Budget FY 2024 &amp; FY 2025</b></p>	<p><i>Debt Service will increase in both years FY 2024 \$9.5 million higher than approved FY 2023 Budget due to the issuance of the 2022 Bonds FY 2025 \$17.6 million higher than FY 2024 due to next forecasted revenue bond sale in fall 2024 Progress on SRF Funded CIP projects Naturally occurring debt amortization schedule variances also impact</i></p>	<p><i>Debt Service will increase in both years FY 2024 \$19.4 million higher than approved FY 2023 Budget due to the issuance of the 2022 Bonds FY 2025 \$3.6 million higher than FY 2024 due to next forecasted revenue bond sale in fall 2024 Progress on CWRWF Funded CIP projects Naturally occurring debt amortization schedule variances also impact</i></p>
<p><b>Debt Service – Forecast for FYs 2026 – 2028</b></p>	<p><i>Continued steady increases to support additional forecasted bond sales and SRF activity</i></p> <p><i>Forecasted FY 2028 Debt Service is \$60 million (40%) higher than <u>Amended</u> FY 2023 Budget</i></p>	<p><i>Comparatively smaller increases than Water</i></p> <p><i>Forecasted FY 2028 Debt Service is \$49 million (~ 23%) higher than <u>Amended</u> FY 2023 Budget</i></p>



## Financial Plan Highlights - continued

<b>System</b>	<b>Water</b>	<b>Sewer</b>
<p><b>Other Revenue Requirements</b></p>	<p><i>Legacy Pension Allocation is no longer fixed at original amounts starting with FY 2024</i></p> <p><i>Based on actuarial updates, reduced by \$8.9 million from \$12.3 million to \$3.4 million</i></p> <p><i>Total Lease Payment is fixed @ \$50 million for life of the Lease - Amount allocated to Water is \$22.5 million</i></p> <p><i>WRAP Deposit fixed at 0.5% of revenue from charges</i></p>	<p><i>Legacy Pension Allocation is no longer fixed at original amounts starting with FY 2024</i></p> <p><i>Based on actuarial updates, reduced by \$16.0 million from \$22.5 million to \$6.5 million</i></p> <p><i>Total Lease Payment is fixed @ \$50 million for life of the Lease - Amount allocated to Sewer is \$27.5 million</i></p> <p><i>WRAP Deposit fixed at 0.5% of revenue from charges</i></p>

## Financial Plan Highlights - continued

System	Water	Sewer
<b>I&amp;E Funding Biennial Budget FY 2024 &amp; FY 2025</b>	<p><i>FY 2024 Deposit to I&amp;E Fund for “pay go” CIP Financing inn future years</i></p> <p><i>Almost identical to FY 2023 <u>Amended</u> Budget as pension obligation savings are offset by new debt service occurs</i></p> <p><i>Decreases by \$22 million in FY 2025 due to increased debt service</i></p>	<p><i>FY 2024 Deposit to I&amp;E Fund for “pay go” CIP Financing inn future years</i></p> <p><i>Approximately 2.6 million higher than FY 2023 <u>Amended</u> Budget as pension obligation savings balance new debt service</i></p> <p><i>Increases by \$4 million in FY 2025 – more moderate debt service increase than Water</i></p>
<b>I&amp;E Funding</b> <i>Forecast for FYs 2026 - 2028</i>	<p><i>Relatively steady</i></p> <p><i>FY 2028 amount is only ~ \$12 million greater than <u>Amended</u> FY 2023 Budget level</i></p> <p><i>More significant growth forecasted in FYs 2029 - 2023</i></p>	<p><i>Significant growth as increases in debt service and other MBO requirements are moderate</i></p> <p><i>FY 2028 amount is more than double than <u>Amended</u> FY 2023 Budget level</i></p>

# Proposed Charges Highlights



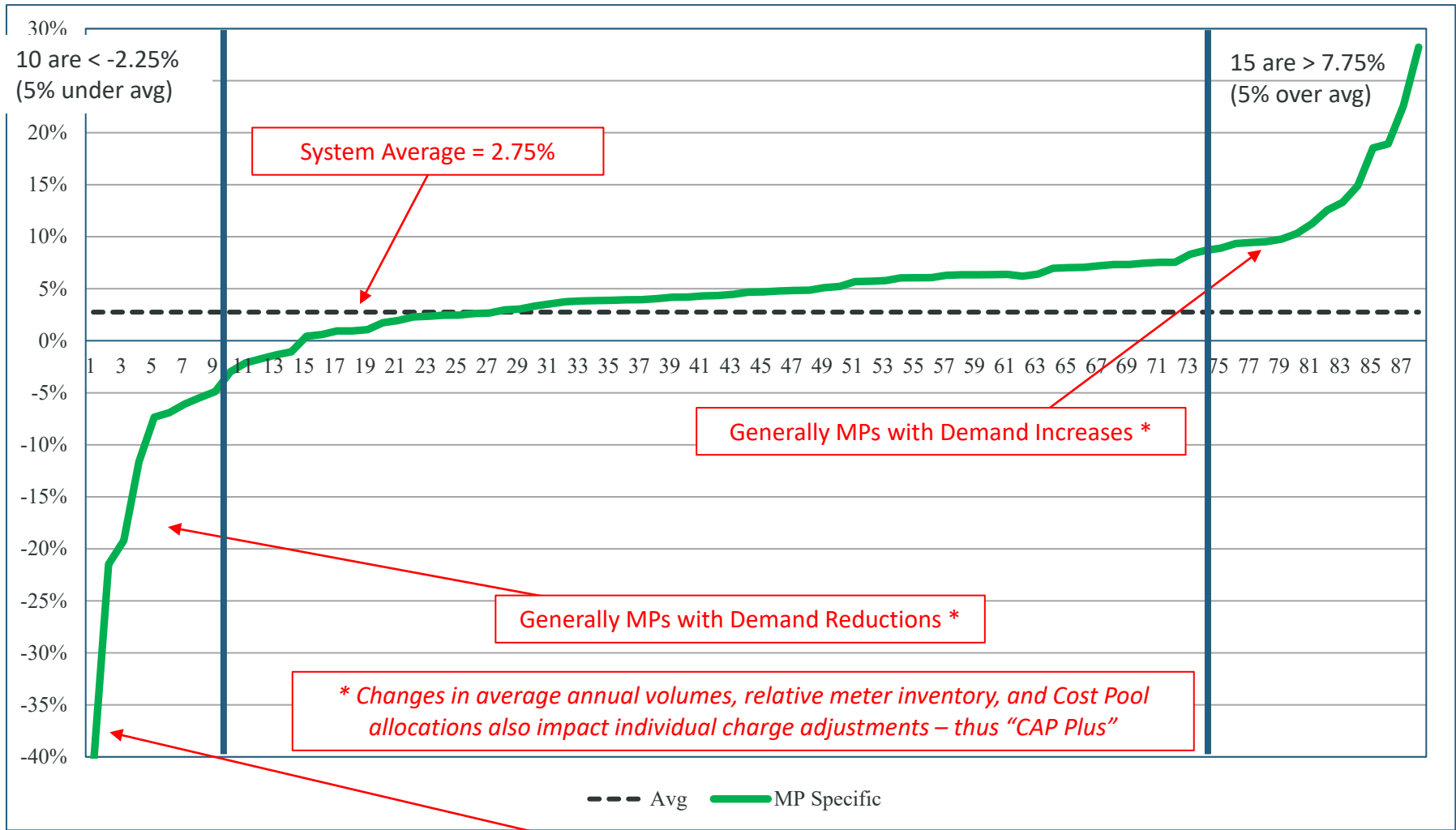
# FY 2024 Water Charges Strategy

- Fully implement Cost of Service Study for ALL Member Partners for first time since the FY 2020 Water Charges
- This is directly in alignment with the plan established via the CAP, which results in short-term *variability* while promoting long-term *stability*
- There are other elements beyond the results of the CAP that impact the Cost of Service Study – therefore the impacts on FY 2024 Water Charges can be referred to as “*CAP Plus*”

# FY 2024 Water Charges: Executive Summary – CAP Plus

- Charge adjustments vary significantly amongst Member Partners
  - First meaningful changes in contract demands in 4 years via the CAP process
  - Impacts of changes in projected sales volumes
  - Results of the FY 2024 Cost of Service Study and allocation to Cost Pools within the existing Water Charge Methodology
  - “**Resetting**” the charges for each Member Partner compared to the uniform approach applied in the past three years

# Executive Summary FY 2024 Water Charge Adjustments – “CAP Plus” Impacts



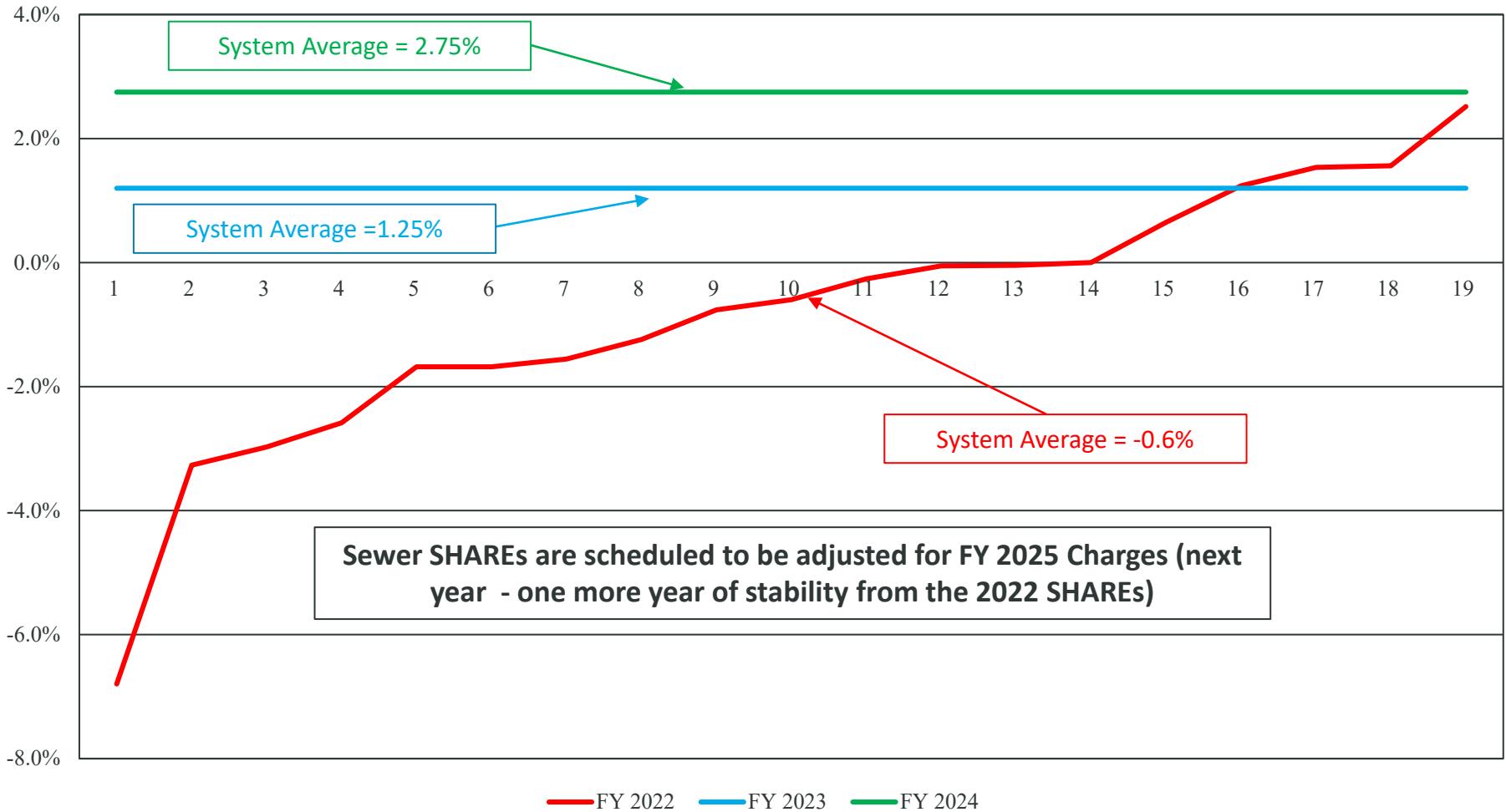
2 MPs have reductions totaling \$4.5 million, which is 1.25% of total System revenue

# FY 2024 Sewer Charges Strategy

- Recognize that FY 2022 SHARES remain in place for FY 2024
- Uniformly adjust ALL Wholesale Charges (and industrial specific rates) by the overall 2.75% FY 2024 Budget Increase
  - *Adjust to 2.81% to address change in OMID Specific facility requirements*
- Apply adjustments to Wholesale Charges that are required by contractual "Agreements"
  - *OMID Specific Facilities;*
  - *Detroit Ownership Benefit per Lease*

# Executive Summary FY 2024 Sewer Charge Adjustments

## – Stability since FY 2022





# One Pager Series - Operations & Maintenance Budget, Charges and Bad Debt Expense



Proposed FY 2024 Operations & Maintenance Budget  
One Pager Series  
as of December 16, 2022

The GLWA budget is the basis for establishing the annual charges for services. Nearly 59% of the FY 2024 budget of \$871 million are financing and legal commitments: debt payments (44%), lease payment (6%), Water Residential Assistance Program (WRAP) (0.5%), legacy pension liabilities (1%) and capital program funding (7.3%).

The Operations & Maintenance (O&M) expense represents \$359 million, or 41% of the total budget. O&M expense, as compared to the prior year, increased 9.0%, or \$29.6 million and is explained in this analysis. The economy GLWA's budget. See the [Economic Outlook Task Force Phase I Report](#) presented to the GLWA Board of Directors in November 2022.

**Staffing & Personnel** The staffing plan (number of positions) is at 1,318 (increase of 25). Full-time Equivalents (FTE), which is the pro-rata hours that a position is budgeted is at 1,153 (decrease of 81). In general, the budget reflects longer lead times in filling positions and the related budget impact. Further information is noted in each category.

**Water Operations - increase of \$6.2 million**  
The majority of this increase is due to chemical costs (\$4.7 million) related to supply chain constraints and increased demand. Other increases: electrical costs for Treatment Plant and Pump Stations (\$0.8 million); Contractual Services due to Mobile Dredging activities (\$0.9 million); gas expense increase (\$0.2 million) due to commodity price increases; and other general categories (\$0.9 million). Decreases were due to personnel (net \$1.3 million) with a reduction of FTE counts (32.5 FTEs) offset by nine additional positions including seven positions focused on insourcing capital program engineering.

**Wastewater Operations - increase of \$19.7 million**  
The drivers for this increase are a) utility costs (\$11.2 million) and b) chemicals (\$9.6 million). Increases are partially offset by a decrease in the amounts budgeted for supplies & other (\$0.8 million) for maintenance activities. A net decrease in personnel costs (\$0.3 million) includes two new positions to insource capital program engineering services offset by a budget reduction for hard to fill positions (32.2 FTEs).

**Centralized Services<sup>1</sup> - increase \$2.4 million**  
Increases include personnel (\$0.4 million) for overtime and costs for increased skill levels; contract services to support the Capital Improvement Planning group while staff for that team is ramping up (\$1.1 million); loss of some reimbursements from DWSD Information Technology Shared Services revenue (\$1.4 million) due to reduced needs; and other general categories (\$0.1 million). These increases were offset by a reduction in IT software subscriptions (\$0.6 million).

**Administrative Services<sup>2</sup> - increase \$1.3 million**  
Increases cover a number of areas including Organizational Development adding five positions (1.75 FTEs) to support onboarding and training (\$0.3 million); Logistics & Materials seeing utilities and facilities cost increases (\$0.2 million) for the Rialto warehouse; Enterprise Risk Management Fund experiencing increased insurance premiums (\$0.1 million); Development (\$0.1 million), CFO Services (\$0.1 million), and others general categories (\$0.5 million).

**Questions?** Contact the Office of the Chief Financial Officer at [cfo@glwater.org](mailto:cfo@glwater.org)

<sup>1</sup> Includes the Planning Services, Systems Control; Facility and Fleet Operations; Field Service Operations; Energy, Research & Innovation; Transformation; Information Technology; and Security & Integrity (includes HazMat).

<sup>2</sup> Includes the Board of Directors, Chief Executive Officer, Chief Administrative & Compliance Officer (includes Risk Management & Safety), General Counsel, Public Affairs, Organizational Development, and Financial Services.



FY 2024 Water & Sewer Service Charges  
One Pager Series  
As Proposed December 16, 2022

**FY 2024 Service Charges Highlights**  
The GLWA Board of Directors will hold a Public Hearing on February 22, 2023 related to the proposed schedule of charges for the fiscal year beginning July 1, 2022.

**Charges are Based on Four Key Elements.**

**1) Budget:** The daily costs to provide service (such as the people, utilities, chemicals, contractors, and materials to operate plants and maintain the pipes), the lease payment for the regional system, Water Residential Assistance Program (WRAP) funding, debt service, legacy pension, and capital project funding. The budget is also known as the "revenue requirement" as it defines the amount of revenue required to run the utility.

**2) Capital Improvement Plan (CIP):** Annually the GLWA's engineers evaluate the physical improvement needs of the regional systems. Those needs are funded by a combination of cash on hand and debt.

**3) Units of Service (UOS):** Quantifies each community's service needs based on engineering studies, metering data, and other criteria. Each member partner is assigned an allocation of the annual revenue requirement based on their relative use of the system. For the water system, this includes the amount of water purchased each year and contracted demands during peak periods. For the sewer system, each member partner's SHARE is based on contributed wastewater.

**4) Cost of Service Study (COS):** The inputs from the three sources above are applied to an agreed upon charges methodology to allocate the revenue requirement (i.e., budget) by functional categories (such as purification for the water system or sludge disposal for the sewer system) and then allocated to each customer. The outcome is the charge calculation for each member partner.

**Looking for More Information?** Visit us online at [www.glwater.org](http://www.glwater.org)

**Proposed FY 2024 Water System Charges**

The proposed average system charge adjustment for water is a 2.75 percent increase. This is the result of a proposed Water budget increase of 4.0 percent offset by 1.25 percent from a) increased investment earnings result of the 2022 Contract Alignment Process (CAP), the FY 2024 Units of Service changed for the majority of the member partners. As such there is significant variance from the system-wide charge revenue increase of 2.75 percent to individual member partners based on their unique needs. The CAP is mutually designed and generates a variance from the system average once every four years.

**Proposed FY 2024 Sewer System Charges**

The proposed average system charge adjustment for sewer is also a 2.75 percent increase. This is the result of a proposed Sewer budget increase of 4.0 percent offset by increased investment earnings which equates to almost 1.25 percent of the needed charge increase. The Sewer SHARES, which were collaboratively established via the Sewer Charges Workgroup, were updated for FY 2022 and remain in effect until FY 2025. The use of the FY 2022 SHARES calculation for the FY 2024 charges results in a uniform impact of charge adjustments for all member partners.

**Average System Charge Adjustments**

Year	Water	Sewer
2018		
2019	1.8%	-0.7%
2020	1.8%	0.1%
2021	0.6%	0.8%
2022	3.2%	2.0%
2023	1.5%	-0.6%
2024	3.7%	2.4%
7-Year Average	2.75%	2.75%
	2.2%	0.9%



# Benchmarking



# GLWA Average System Charge Adjustments

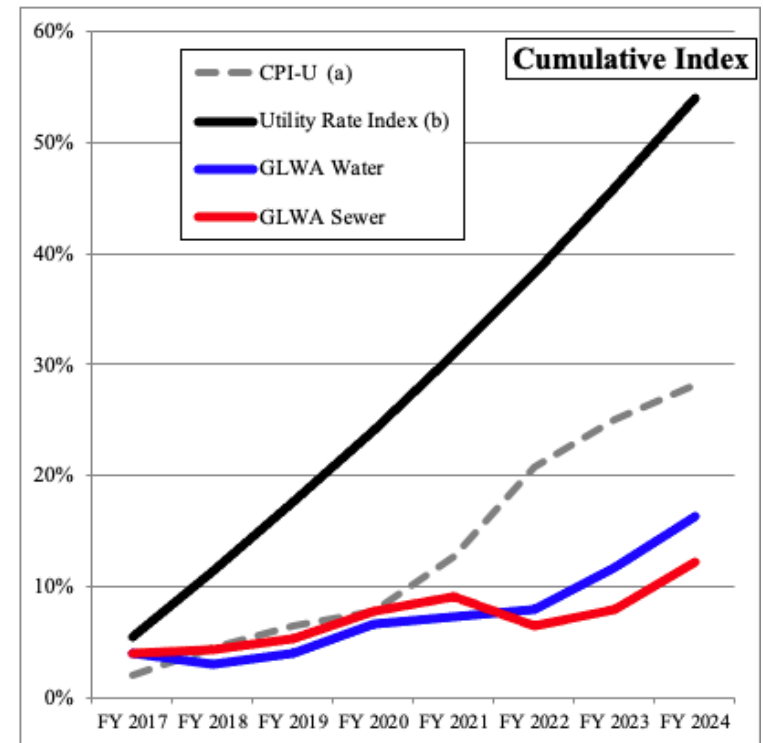
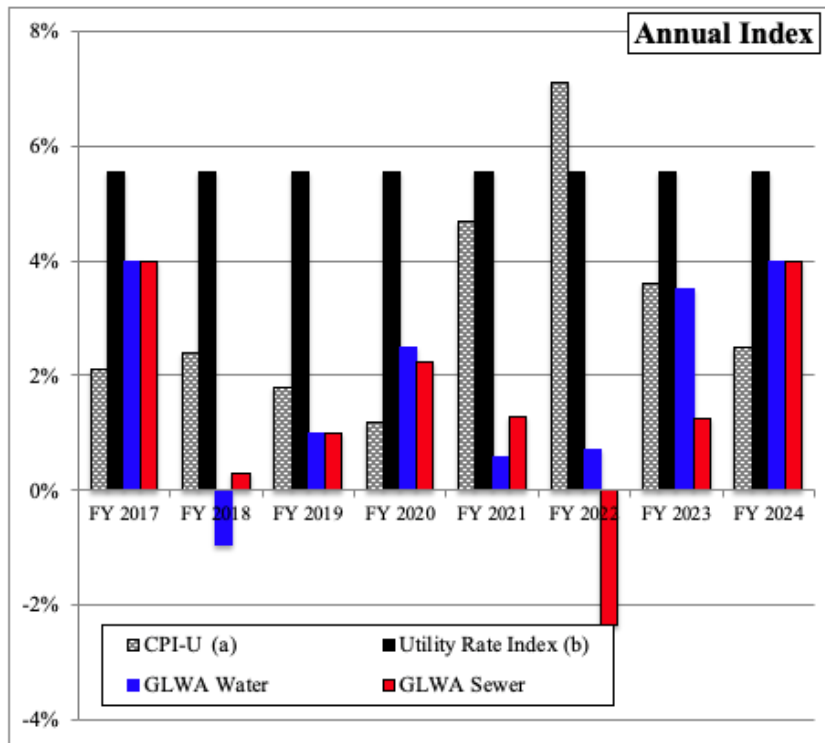
## ⊕ Average System Charge Adjustments

<b>Year</b>	<b>Water</b>	<b>Sewer</b>
<b>2018</b>	<b>1.8%</b>	<b>-0.7%</b>
<b>2019</b>	<b>1.8%</b>	<b>0.1%</b>
<b>2020</b>	<b>0.6%</b>	<b>0.8%</b>
<b>2021</b>	<b>3.2%</b>	<b>2.0%</b>
<b>2022</b>	<b>1.5%</b>	<b>-0.6%</b>
<b>2023</b>	<b>3.7%</b>	<b>2.4%</b>
<b>2024</b>	<b>2.75%</b>	<b>2.75%</b>
<b>7-Year Average</b>	<b>2.2%</b>	<b>0.9%</b>

# GLWA BUDGET Adjustments Compared to Utility Indices

Annual	Annual Index								Average Annual
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
CPI-U (a)	2.1%	2.4%	1.8%	1.2%	4.7%	7.1%	3.6%	2.5%	3.2%
Utility Rate Index (b)	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
GLWA Water	4.0%	-0.9%	1.0%	2.5%	0.6%	0.7%	3.5%	4.0%	1.9%
GLWA Sewer	4.0%	0.3%	1.0%	2.2%	1.3%	-2.3%	1.3%	4.0%	1.5%
GLWA Overall	4.0%	-0.2%	1.0%	2.3%	1.0%	-1.1%	2.2%	4.0%	1.7%

Cumulative Index	Cumulative Index							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
CPI-U (a)	2.1%	4.6%	6.4%	7.7%	12.8%	20.8%	25.1%	28.3%
Utility Rate Index (b)	5.6%	11.4%	17.6%	24.1%	31.0%	38.3%	46.0%	54.1%
GLWA Water	4.0%	3.0%	4.1%	6.7%	7.3%	8.0%	11.8%	16.3%
GLWA Sewer	4.0%	4.3%	5.4%	7.7%	9.1%	6.5%	7.9%	12.2%
GLWA Overall	4.0%	3.8%	4.8%	7.3%	8.3%	7.2%	9.5%	13.9%



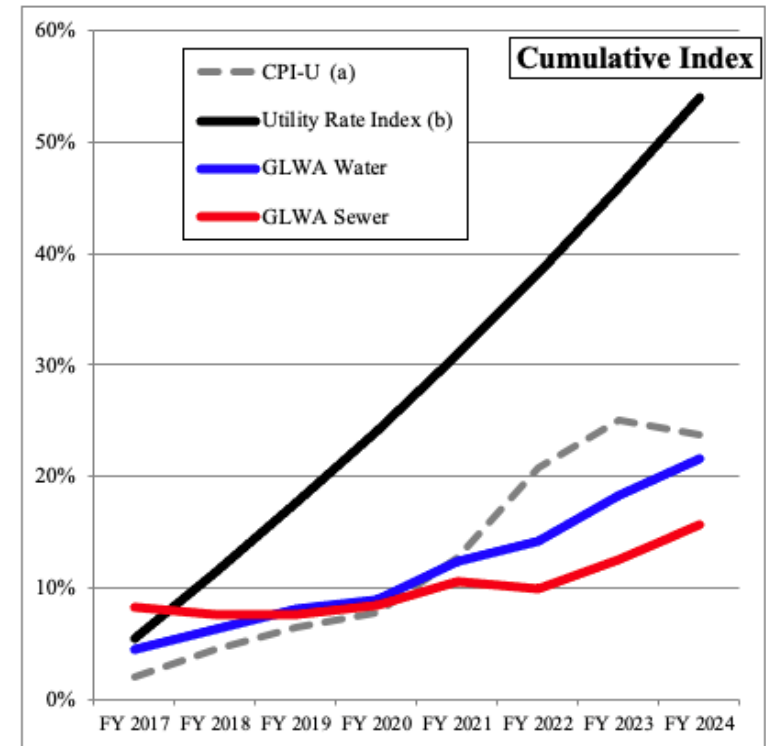
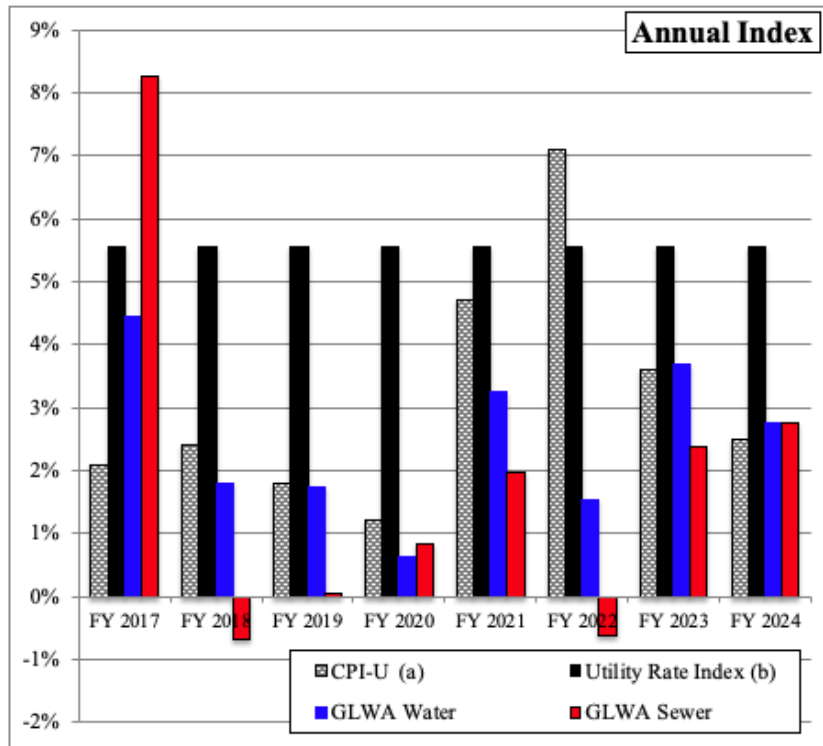
(a) Source: Bureau of Labor Statistics, FY 2022 - FY 2024 estimated based on EOTF Report

(b) Source: Black & Veatch 50 Largest Cities Rate Survey - 2021 - average 2001-2020

# GLWA CHARGE Adjustments Compared to Utility Indices

Annual	Annual Index								Average Annual
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	
CPI-U (a)	2.1%	2.4%	1.8%	1.2%	4.7%	7.1%	3.6%	2.5%	3.2%
Utility Rate Index (b)	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
GLWA Water	4.5%	1.8%	1.8%	0.6%	3.2%	1.5%	3.7%	2.75%	2.5%
GLWA Sewer	8.3%	-0.7%	0.1%	0.8%	2.0%	-0.6%	2.4%	2.75%	1.9%
GLWA Overall	6.7%	0.3%	0.7%	0.7%	2.5%	0.3%	2.9%	2.8%	2.1%

Cumulative Index	Cumulative Index							
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
CPI-U (a)	2.1%	4.6%	6.4%	7.7%	12.8%	20.8%	25.1%	23.8%
Utility Rate Index (b)	5.6%	11.4%	17.6%	24.1%	31.0%	38.3%	46.0%	54.1%
GLWA Water	4.5%	6.3%	8.2%	8.9%	12.4%	14.1%	18.3%	21.6%
GLWA Sewer	8.3%	7.5%	7.6%	8.5%	10.6%	9.9%	12.6%	15.6%
GLWA Overall	6.7%	7.0%	7.8%	8.6%	11.3%	11.6%	14.9%	18.0%



(a) Source: Bureau of Labor Statistics, FY 2022 - FY 2024 estimated based on EOTF Report

(b) Source: Black & Veatch 50 Largest Cities Rate Survey - 2021 - average 2001-2020

# Supplemental Schedules For Reference

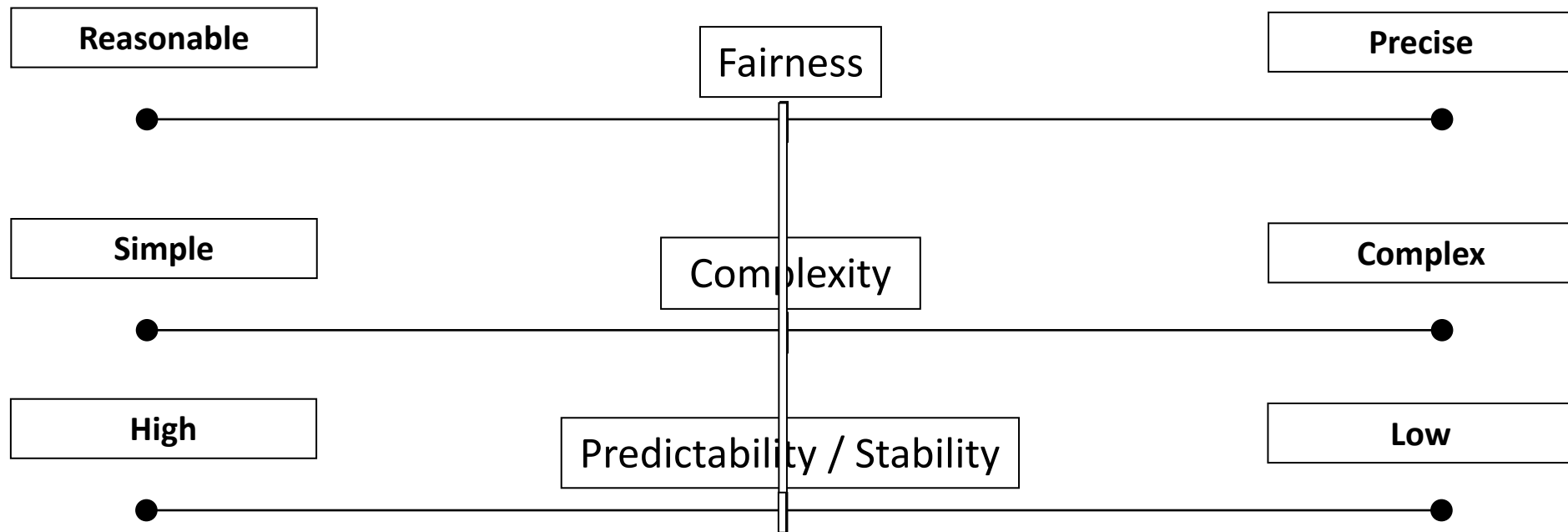


# GLWA Charge Simplicity and Stability Strategies



# Utility Charges Methodology: Cost of Service *Continuum*

Legacy Fundamental Principle: *“Use best available, verifiable information to establish water and sewer charges”*

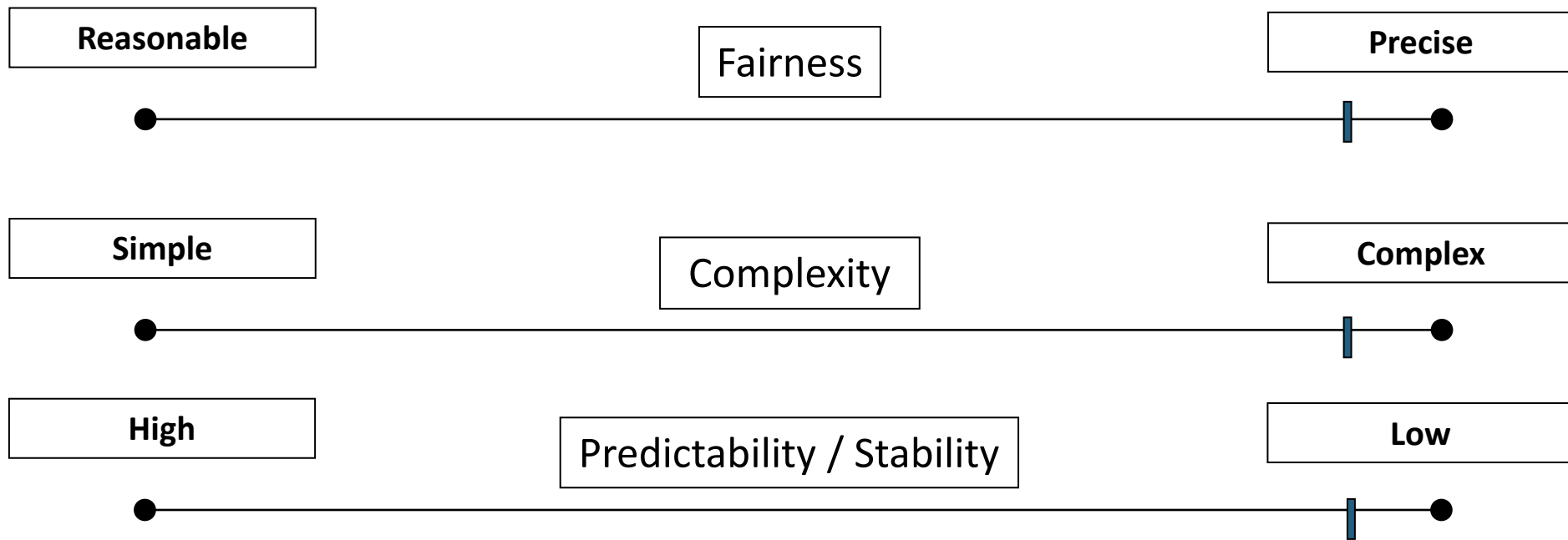


Prior to Sewer Rate Simplification, a pursuit of precision led to unintended consequences of high complexity and low predictability and stability.



# Utility Charges Methodology: Cost of Service *Continuum*

Sewer Rate Simplification sought to ***maintain*** fair charges while ***decreasing*** complexity and ***improving*** predictability and stability



# Lessons Learned from GLWA Sewer SHARES

- ✓ While contributed volumes, and related levels of service, may vary amongst Member Partners year to year over the long term the relative level of service is fairly stable
- ✓ There is value in recognizing this stability that is fundamental in the current Sewer Charges Methodology:
  - ✓ *Commitment to using 10 year historical average flow contributions to determine SHARES*
  - ✓ *Hold SHARES constant for 3 year periods*

# GLWA Water Charge Stability Strategies

- ✓ Model contract reopeners previously were “staggered”
  - ✓ Result was changes in individual Member Partner demands created charge volatility every year
- ✓ Contract Alignment Process (CAP) initiated for FY 2020 charges sought to minimize annual volatility
  - ✓ *Universal contract demand review every 4 years*
- ✓ Augmented by “Mod” / “No Mod” strategy
  - ✓ *Only implement specific cost of service adjustments for Member Partners with “out of cycle” demand changes*
  - ✓ *Applied for FY 2021, FY 2022, and FY 2023 Charges*

# Water Biennial BUDGET Highlights: Comprehensive Revenue Requirements – CIP Draft 1

## Schedule 1A - Water System Revenue Requirements Budget

	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
<b>Water System Revenue Requirements</b>								
<b>Revenues</b>								
Revenues from Charges	\$354,947,900	\$353,690,600	\$366,068,800	\$ 11,120,900	3.1%	\$379,539,700	\$ 13,470,900	3.7%
Other Revenues	175,000	175,000	175,000	-	0.0%	175,000	-	0.0%
Investment Earnings	948,700	8,065,700	4,070,700	3,122,000	329.1%	5,412,400	1,341,700	33.0%
<b>Total Revenues</b>	<b>356,071,600</b>	<b>361,931,300</b>	<b>\$370,314,500</b>	<b>\$ 14,242,900</b>	<b>4.0%</b>	<b>\$385,127,100</b>	<b>\$ 14,812,600</b>	<b>4.0%</b>
<b>Revenue Requirements</b>								
Operations & Maintenance (O&M) Expense	\$144,847,700	\$144,847,700	\$152,906,400	\$ 8,058,700	5.6%	\$162,810,600	\$ 9,904,200	6.5%
General Retirement System Legacy Pension	6,048,000	6,048,000	-	(6,048,000)	-100.0%	-	-	0.0%
Debt Service	150,337,100	150,730,700	159,823,700	9,486,600	6.3%	171,560,900	11,737,200	7.3%
General Retirement System Accelerated Pension	6,268,300	6,268,300	3,395,500	(2,872,800)	-45.8%	4,173,300	777,800	22.9%
Water Residential Assistance Program Contribution	1,770,500	1,770,500	1,851,600	81,100	4.6%	1,925,600	74,000	4.0%
Regional System Lease	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	0.0%	6,900,000	6,900,000	0.0%
Improvement & Extension Fund Transfer Pending	24,300,000	29,766,100	29,837,300	5,537,300	22.8%	15,256,700	(14,580,600)	-48.9%
<b>Annual Water System Revenue Requirements</b>	<b>\$356,071,600</b>	<b>\$361,931,300</b>	<b>\$370,314,500</b>	<b>\$ 14,242,900</b>	<b>4.0%</b>	<b>\$385,127,100</b>	<b>\$ 14,812,600</b>	<b>4.0%</b>

<i>Change in Annual Revenue Requirement</i>			14,242,900	4.00%		14,812,600	4.0%
<i>Change Attributable to Non-Charge Revenue (FY 2024 increase in investment earnings)</i>			(3,122,000)	-0.88%		(1,341,700)	-0.4%
<i>Change Attributable to Sales Revenue (FY 2024 attributable to increased projected Water Sales)</i>			(1,317,300)	-0.37%		-	0.0%
<b>Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)</b>			<u>9,803,600</u>	<b>2.75%</b>		<u>13,470,900</u>	<b>3.7%</b>

# Water Biennial BUDGET Highlights: Comprehensive Revenue Requirements – Updated for CIP Draft 2

## Schedule 1A - Water System Revenue Requirements Budget

	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
<b>Water System Revenue Requirements</b>								
<b>Revenues</b>								
Revenues from Charges	\$354,947,900	\$353,690,600	\$366,077,800	\$ 11,129,900	3.1%	\$377,715,500	\$ 11,637,700	3.2%
Other Revenues	175,000	175,000	175,000	-	0.0%	175,000	-	0.0%
Investment Earnings	948,700	8,065,700	4,061,700	3,113,000	328.1%	7,236,600	3,174,900	78.2%
<b>Total Revenues</b>	<b>356,071,600</b>	<b>361,931,300</b>	<b>\$370,314,500</b>	<b>\$ 14,242,900</b>	<b>4.0%</b>	<b>\$385,127,100</b>	<b>\$ 14,812,600</b>	<b>4.0%</b>
<b>Revenue Requirements</b>								
Operations & Maintenance (O&M) Expense	\$144,847,700	\$144,847,700	\$152,906,400	\$ 8,058,700	5.6%	\$162,810,600	\$ 9,904,200	6.5%
General Retirement System Legacy Pension	6,048,000	6,048,000	-	(6,048,000)	-100.0%	-	-	0.0%
Debt Service	150,337,100	150,730,700	159,823,700	9,486,600	6.3%	177,435,900	17,612,200	11.0%
General Retirement System Accelerated Pension	6,268,300	6,268,300	3,395,500	(2,872,800)	-45.8%	4,173,300	777,800	22.9%
Water Residential Assistance Program Contribution	1,770,500	1,770,500	1,851,600	81,100	4.6%	1,925,600	74,000	4.0%
Regional System Lease	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	0.0%	8,300,000	8,300,000	0.0%
Improvement & Extension Fund Transfer Pending	24,300,000	29,766,100	29,837,300	5,537,300	22.8%	7,981,700	(21,855,600)	-73.2%
<b>Annual Water System Revenue Requirements</b>	<b>\$356,071,600</b>	<b>\$361,931,300</b>	<b>\$370,314,500</b>	<b>\$ 14,242,900</b>	<b>4.0%</b>	<b>\$385,127,100</b>	<b>\$ 14,812,600</b>	<b>4.0%</b>
<i>Change in Annual Revenue Requirement</i>				14,242,900	4.00%		14,812,600	4.0%
<i>Change Attributable to Non-Charge Revenue (FY 2024 increase in investment earnings)</i>				(3,113,000)	-0.87%		(3,174,900)	-0.9%
<i>Change Attributable to Sales Revenue (FY 2024 attributable to increased projected Water Sales)</i>				(1,317,300)	-0.37%		-	0.0%
<b>Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)</b>				9,812,600	2.75%		11,637,700	3.2%

# Sewer Biennial BUDGET Highlights: Comprehensive Revenue Requirements – CIP Draft 1

## Schedule 1C - Sewer System Revenue Requirements Budget

Sewer System Revenue Requirements	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
<b>Revenues</b>								
Revenues from Charges	\$479,816,500	\$477,420,200	\$493,167,700	\$ 13,351,200	2.8%	\$510,784,100	\$ 17,616,400	3.6%
Other Revenues	400,000	400,000	400,000	-	0.0%	400,000	-	0.0%
Investment Earnings	1,155,600	10,924,100	7,059,300	5,903,700	510.9%	9,468,000	2,408,700	34.1%
<b>Total Revenues</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$ 19,254,900</b>	<b>4.0%</b>	<b>\$520,652,100</b>	<b>\$ 20,025,100</b>	<b>4.0%</b>
<b>Revenue Requirements</b>								
Operations & Maintenance (O&M) Expense	\$184,052,600	\$194,822,500	\$205,643,700	\$ 21,591,100	11.7%	\$216,220,400	\$ 10,576,700	5.1%
General Retirement System Legacy Pension	10,824,000	10,824,000	-	(10,824,000)	-100.0%	-	-	0.0%
Debt Service	205,638,100	210,732,900	225,012,300	19,374,200	9.4%	223,429,900	(1,582,400)	-0.7%
General Retirement System Accelerated Pension	11,620,700	11,620,700	6,479,300	(5,141,400)	-44.2%	8,228,800	1,749,500	27.0%
Water Residential Assistance Program Contribution	2,394,200	2,394,200	2,503,100	108,900	4.5%	2,603,300	100,200	4.0%
Regional System Lease	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	0.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	39,342,500	30,850,000	33,488,600	(5,853,900)	-14.9%	42,669,700	9,181,100	27.4%
<b>Annual Sewer System Revenue Requirements</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$ 19,254,900</b>	<b>4.0%</b>	<b>\$520,652,100</b>	<b>\$ 20,025,100</b>	<b>4.0%</b>

<i>Change in Annual Revenue Requirement</i>	19,254,900	4.01%	20,025,100	4.1%
<i>Change Attributable to Non-Charge Revenue (FY 2024 increase in investment earnings)</i>	(5,903,700)	-1.23%	(2,408,700)	-0.5%
<i>Change Attributable to Sales Revenue (FY 2024 attributable to increased projected industrial charges)</i>	(160,200)	-0.03%	-	0.0%
<b>Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)</b>	<b>13,191,000</b>	<b>2.75%</b>	<b>17,616,400</b>	<b>3.6%</b>

# Sewer Biennial BUDGET Highlights: Comprehensive Revenue Requirements – Updated for CIP Draft 2

## Schedule 1C - Sewer System Revenue Requirements Budget

Sewer System Revenue Requirements	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
<b>Revenues</b>								
Revenues from Charges	\$479,816,500	\$477,420,200	\$493,169,700	\$ 13,353,200	2.8%	\$510,672,700	\$ 17,503,000	3.5%
Other Revenues	400,000	400,000	400,000	-	0.0%	400,000	-	0.0%
Investment Earnings	1,155,600	10,924,100	7,057,300	5,901,700	510.7%	9,579,400	2,522,100	35.7%
<b>Total Revenues</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$ 19,254,900</b>	<b>4.0%</b>	<b>\$520,652,100</b>	<b>\$ 20,025,100</b>	<b>4.0%</b>
<b>Revenue Requirements</b>								
Operations & Maintenance (O&M) Expense	\$184,052,600	\$194,822,500	\$205,643,700	\$ 21,591,100	11.7%	\$216,220,400	\$ 10,576,700	5.1%
General Retirement System Legacy Pension	10,824,000	10,824,000	-	(10,824,000)	-100.0%	-	-	0.0%
Debt Service	205,638,100	210,732,900	225,012,300	19,374,200	9.4%	228,638,200	3,625,900	1.6%
General Retirement System Accelerated Pension	11,620,700	11,620,700	6,479,300	(5,141,400)	-44.2%	8,228,800	1,749,500	27.0%
Water Residential Assistance Program Contribution	2,394,200	2,394,200	2,503,100	108,900	4.5%	2,603,300	100,200	4.0%
Regional System Lease	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	0.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	39,342,500	30,850,000	33,488,600	(5,853,900)	-14.9%	37,461,400	3,972,800	11.9%
<b>Annual Sewer System Revenue Requirements</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$ 19,254,900</b>	<b>4.0%</b>	<b>\$520,652,100</b>	<b>\$ 20,025,100</b>	<b>4.0%</b>

<i>Change in Annual Revenue Requirement</i>	19,254,900	4.01%	20,025,100	4.1%
<i>Change Attributable to Non-Charge Revenue (FY 2024 increase in investment earnings)</i>	(5,901,700)	-1.23%	(2,522,100)	-0.5%
<i>Change Attributable to Sales Revenue (FY 2024 attributable to increased projected industrial charges)</i>	(160,200)	-0.03%	-	0.0%
<b>Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)</b>	<b>13,193,000</b>	<b>2.75%</b>	<b>17,503,000</b>	<b>3.5%</b>

# Draft #2 CIP Changes – Impact on Five Year Financial Plan

- ✓ The approved FY 2023 – 2027 CIPs that we utilized for the 2022 Bond sales anticipated being back in the bond market ~ December 2024 – the midpoint of FY 2025.
- ✓ The initial drafts of the FY 2024 – 2028 CIPs would have accelerated that schedule into FY 2024 – perhaps as early as March 2024 for Water.
- ✓ With Draft #2 of the CIPs sufficient bond proceeds should last through FY 2024 and the new target “market date” for the next bond transactions is the fall of 2024 during FY 2025.
- ✓ Future forecast updates will reflect key developments regarding CIP progress and availability of funding sources from SRF and capital markets



# Water Five Year Plan Summary – CIP Draft 1

## Schedule 1B - Water System Revenue Requirements Budget - Five-Year Financial Plan

	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Water System Revenue Requirements</b>							
<b>Revenues</b>							
Revenues from Charges	\$354,947,900	\$353,690,600	<b>\$366,068,800</b>	\$379,539,700	\$402,176,200	\$426,187,200	\$451,293,700
Other Revenues	175,000	175,000	<b>175,000</b>	175,000	175,000	175,000	175,000
Investment Earnings	948,700	8,065,700	<b>4,070,700</b>	5,412,400	5,883,500	6,366,600	7,223,800
<b>Total Revenues</b>	<b>356,071,600</b>	<b>361,931,300</b>	<b>\$370,314,500</b>	<b>\$385,127,100</b>	<b>\$408,234,700</b>	<b>\$432,728,800</b>	<b>\$458,692,500</b>
<b>Revenue Requirements</b>							
Operations & Maintenance (O&M) Expense	\$144,847,700	\$144,847,700	<b>\$152,906,400</b>	\$162,810,600	\$165,333,900	\$169,332,400	\$172,565,100
General Retirement System Legacy Pension	6,048,000	6,048,000	-	-	-	-	-
Debt Service	150,337,100	150,730,700	<b>159,823,700</b>	171,560,900	189,385,100	195,905,700	210,937,100
General Retirement System Accelerated Pension	6,268,300	6,268,300	<b>3,395,500</b>	4,173,300	4,142,200	3,967,400	3,826,700
Water Residential Assistance Program Contribution	1,770,500	1,770,500	<b>1,851,600</b>	1,925,600	2,041,200	2,163,600	2,293,500
Regional System Lease	22,500,000	22,500,000	<b>22,500,000</b>	22,500,000	22,500,000	22,500,000	22,500,000
Receiving Fund Working Capital Requirement	-	-	-	6,900,000	4,400,000	3,500,000	4,500,000
Improvement & Extension Fund Transfer Pending	24,300,000	29,766,100	<b>29,837,300</b>	15,256,700	20,432,300	35,359,700	42,070,100
<b>Annual Water System Revenue Requirements</b>	<b>\$356,071,600</b>	<b>\$361,931,300</b>	<b>\$370,314,500</b>	<b>\$385,127,100</b>	<b>\$408,234,700</b>	<b>\$432,728,800</b>	<b>\$458,692,500</b>
<b>Annual Water System Charges Revenue Adjustment Percentage</b>			<b>3.1%</b>	<b>3.7%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>5.9%</b>
<b>Annual Water System Revenue Requirements (Budget) Adjustment Percentage</b>			<b>4.0%</b>	<b>4.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

# Water Five Year Plan Summary – Updated for CIP Draft 2

## Schedule 1B - Water System Revenue Requirements Budget - Five-Year Financial Plan

	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Water System Revenue Requirements</b>							
<b>Revenues</b>							
Revenues from Charges	\$354,947,900	\$353,690,600	<b>\$366,077,800</b>	\$377,715,500	\$400,621,000	\$425,104,800	\$450,900,400
Other Revenues	175,000	175,000	<b>175,000</b>	175,000	175,000	175,000	175,000
Investment Earnings	948,700	8,065,700	<b>4,061,700</b>	7,236,600	7,438,700	7,449,000	7,617,100
<b>Total Revenues</b>	<b>356,071,600</b>	<b>361,931,300</b>	<b>\$370,314,500</b>	<b>\$385,127,100</b>	<b>\$408,234,700</b>	<b>\$432,728,800</b>	<b>\$458,692,500</b>
<b>Revenue Requirements</b>							
Operations & Maintenance (O&M) Expense	\$144,847,700	\$144,847,700	<b>\$152,906,400</b>	\$162,810,600	\$165,333,900	\$169,332,400	\$172,565,100
General Retirement System Legacy Pension	6,048,000	6,048,000	-	-	-	-	-
Debt Service	150,337,100	150,730,700	<b>159,823,700</b>	177,435,900	189,059,800	195,830,400	211,262,400
General Retirement System Accelerated Pension	6,268,300	6,268,300	<b>3,395,500</b>	4,173,300	4,142,200	3,970,400	3,826,700
Water Residential Assistance Program Contribution	1,770,500	1,770,500	<b>1,851,600</b>	1,925,600	2,041,200	2,163,600	2,293,500
Regional System Lease	22,500,000	22,500,000	<b>22,500,000</b>	22,500,000	22,500,000	22,500,000	22,500,000
Receiving Fund Working Capital Requirement	-	-	-	8,300,000	3,600,000	3,400,000	4,500,000
Improvement & Extension Fund Transfer Pending	24,300,000	29,766,100	<b>29,837,300</b>	7,981,700	21,557,600	35,532,000	41,744,800
<b>Annual Water System Revenue Requirements</b>	<b>\$356,071,600</b>	<b>\$361,931,300</b>	<b>\$370,314,500</b>	<b>\$385,127,100</b>	<b>\$408,234,700</b>	<b>\$432,728,800</b>	<b>\$458,692,500</b>
<b>Annual Water System Charges Revenue Adjustment Percentage</b>			<b>3.1%</b>	<b>3.2%</b>	<b>6.1%</b>	<b>6.1%</b>	<b>6.1%</b>
<b>Annual Water System Revenue Requirements (Budget) Adjustment Percentage</b>			<b>4.0%</b>	<b>4.0%</b>	<b>6.0%</b>	<b>6.0%</b>	<b>6.0%</b>

# Sewer Five Year Plan Summary – CIP Draft 1

## Schedule 1D - Sewer System Revenue Requirements Budget - Five-Year Financial Plan

	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Sewer System Revenue Requirements</b>							
<b>Revenues</b>							
Revenues from Charges	\$479,816,500	\$477,420,200	<b>\$493,167,700</b>	\$510,784,100	\$536,668,500	\$563,919,100	\$592,465,700
Other Revenues	400,000	400,000	<b>400,000</b>	400,000	400,000	400,000	400,000
Investment Earnings	1,155,600	10,924,100	<b>7,059,300</b>	9,468,000	9,616,200	9,699,800	9,854,100
<b>Total Revenues</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$520,652,100</b>	<b>\$546,684,700</b>	<b>\$574,018,900</b>	<b>\$602,719,800</b>
<b>Revenue Requirements</b>							
Operations & Maintenance (O&M) Expense	\$184,052,600	\$194,822,500	<b>\$205,643,700</b>	\$216,220,400	\$221,259,100	\$224,959,900	\$229,613,100
General Retirement System Legacy Pension	10,824,000	10,824,000	-	-	-	-	-
Debt Service	205,638,100	210,732,900	<b>225,012,300</b>	223,429,900	230,202,100	241,302,800	256,207,500
General Retirement System Accelerated Pension	11,620,700	11,620,700	<b>6,479,300</b>	8,228,800	8,158,800	7,765,700	7,449,200
Water Residential Assistance Program Contribution	2,394,200	2,394,200	<b>2,503,100</b>	2,603,300	2,733,400	2,870,100	3,013,600
Regional System Lease	27,500,000	27,500,000	<b>27,500,000</b>	27,500,000	27,500,000	27,500,000	27,500,000
Receiving Fund Working Capital Requirement	-	-	-	-	-	-	2,100,000
Improvement & Extension Fund Transfer Pending	39,342,500	30,850,000	<b>33,488,600</b>	42,669,700	56,831,300	69,620,400	76,836,400
<b>Annual Sewer System Revenue Requirements</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$520,652,100</b>	<b>\$546,684,700</b>	<b>\$574,018,900</b>	<b>\$602,719,800</b>
<b>Annual Sewer System Charges Revenue Adjustment Percentage</b>			<b>2.8%</b>	<b>3.6%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>
<b>Annual Sewer System Revenue Requirements (Budget) Adjustment Percentage</b>			<b>4.0%</b>	<b>4.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>

# Sewer Five Year Plan Summary – Updated for CIP Draft 2


## Schedule 1D - Sewer System Revenue Requirements Budget - Five-Year Financial Plan

	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Sewer System Revenue Requirements</b>							
<b>Revenues</b>							
Revenues from Charges	\$479,816,500	\$477,420,200	<b>\$493,169,700</b>	\$510,672,700	\$536,616,200	\$563,859,700	\$592,390,600
Other Revenues	400,000	400,000	<b>400,000</b>	400,000	400,000	400,000	400,000
Investment Earnings	1,155,600	10,924,100	<b>7,057,300</b>	9,579,400	9,668,500	9,759,200	9,929,200
<b>Total Revenues</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$520,652,100</b>	<b>\$546,684,700</b>	<b>\$574,018,900</b>	<b>\$602,719,800</b>
<b>Revenue Requirements</b>							
Operations & Maintenance (O&M) Expense	\$184,052,600	\$194,822,500	<b>\$205,643,700</b>	\$216,220,400	\$221,259,100	\$224,959,900	\$229,613,100
General Retirement System Legacy Pension	10,824,000	10,824,000	-	-	-	-	-
Debt Service	205,638,100	210,732,900	<b>225,012,300</b>	228,638,200	232,478,900	244,079,600	259,785,300
General Retirement System Accelerated Pension	11,620,700	11,620,700	<b>6,479,300</b>	8,228,800	8,158,800	7,772,300	7,449,200
Water Residential Assistance Program Contribution	2,394,200	2,394,200	<b>2,503,100</b>	2,603,300	2,733,400	2,870,100	3,013,600
Regional System Lease	27,500,000	27,500,000	<b>27,500,000</b>	27,500,000	27,500,000	27,500,000	27,500,000
Receiving Fund Working Capital Requirement	-	-	-	-	-	-	3,400,000
Improvement & Extension Fund Transfer Pending	39,342,500	30,850,000	<b>33,488,600</b>	37,461,400	54,554,500	66,837,000	71,958,600
<b>Annual Sewer System Revenue Requirements</b>	<b>\$481,372,100</b>	<b>\$488,744,300</b>	<b>\$500,627,000</b>	<b>\$520,652,100</b>	<b>\$546,684,700</b>	<b>\$574,018,900</b>	<b>\$602,719,800</b>
<b>Annual Sewer System Charges Revenue Adjustment Percentage</b>			<b>2.8%</b>	<b>3.5%</b>	<b>5.1%</b>	<b>5.1%</b>	<b>5.1%</b>
<b>Annual Sewer System Revenue Requirements (Budget) Adjustment Percentage</b>			<b>4.0%</b>	<b>4.0%</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.0%</b>

# Operations & Maintenance Budget Trends




# Personnel Costs




**Proposed  
FY 2024 – FY 2025 Biennial Budget &  
Five Year Financial Plan  
FY 2024 through FY 2028**

**Presented to the  
Audit Committee  
December 16, 2022**



**Operating Financial Plans by Service Area  
Budget & Five-Year Plan  
FY 2024 through FY 2028**

### Organizational Line of Reporting Chart



**Budget Service Areas**

- A. Water System Operations
- B. Wastewater (Sewer) System Operations
- C. Centralized Services
- D. Administrative Services



Personnel Costs  
Budget & Five-Year Plan  
FY 2024 through FY 2028

#### Personnel Costs

Achieving the GLWA's initiatives is dependent on the ability to attract, retain, and develop highly qualified and effective team members.

While Staffing positions were increased by 25, due to the challenges of recruiting and retaining team members over the past year in this unprecedented, competitive job market, the Full-time Equivalents (FTEs) were decreased from FY 2023 by 81 to account for the difficulty in filling numerous vacant positions and potential related impact on the budget.

Personnel budget decreased \$1.2 million, or -1%, between FY 2023 and FY 2024. The Staffing Positions Vacancy rate percentage is currently estimated at 17% (see Staffing Tables, pages 8-11 below). While specific reasons for the variances in personnel budget are discussed in Section 5 of this document, the following highlights some of the reasons for the decrease:

- Light decrease in budget of \$1 million or -1.3% is due to several vacant positions.
- A number of Staffing positions of 25 in total, to support key initiatives such as:

- Development Needs (Recruitment, Talent Management)
- Management Planning
- Improvement Process
- Education and compensation of team members who attain a higher level of qualifications.
- Time equivalents (FTEs) due to delay in filling vacant positions. The total FTE staffing which is the number of hours that a position is filled per year if the positions may not be filled until late in FY 2024, the FTE count is 1,000 Staffing positions.

**Workforce Development** - The workforce development classification category includes apprenticeship positions for workers that have been hired into the apprenticeship program. The total cost of the program is \$410,400 or -22.8%. This is primarily due to cutting the FTEs by a number of positions in Operations, as it is anticipated that the vacant apprentice positions in 2024. More detail is provided in the respective operating sections in the budget.

# The ABCD's of the Operations & Maintenance Budget

**Schedule 2C - Operations & Maintenance Biennial Budget by Service Area**

Operating Area	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
A Water System Operations	\$ 76,518,200	\$ 76,518,200	\$ 82,732,800	\$ 6,214,600	8.1%	\$ 84,452,000	\$ 1,719,200	2.1%
B Sewer System Operations	113,197,500	123,967,400	132,934,300	19,736,800	17.4%	138,990,100	6,055,800	4.6%
C Centralized Services	104,502,900	104,502,900	106,900,500	2,397,600	2.3%	117,183,500	10,283,000	9.6%
D Administrative Services	34,681,700	34,681,700	35,982,500	1,300,800	3.8%	38,405,400	2,422,900	6.7%
<b>Grand Total</b>	<b>\$328,900,300</b>	<b>\$339,670,200</b>	<b>\$358,550,100</b>	<b>\$ 29,649,800</b>	<b>9.0%</b>	<b>\$379,031,000</b>	<b>\$ 20,480,900</b>	<b>5.7%</b>

**Schedule 2E - Operations & Maintenance Expense by Fund with Centralized & Administrative Services Allocated - Biennial Budget**

System	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
Water	\$144,847,700	\$144,847,700	\$152,906,400	\$ 8,058,700	5.6%	\$162,810,600	\$ 9,904,200	6.5%
Wastewater	184,052,600	194,822,500	205,643,700	21,591,100	11.7%	216,220,400	10,576,700	5.1%
<b>Grand Total</b>	<b>\$328,900,300</b>	<b>\$339,670,200</b>	<b>\$358,550,100</b>	<b>\$ 29,649,800</b>	<b>9.0%</b>	<b>\$379,031,000</b>	<b>\$ 20,480,900</b>	<b>5.7%</b>

# Operations & Maintenance Expenses by Type

## Schedule 2A - Operations & Maintenance Expense by Expense Type (Water and Sewer Combined) - Biennial Budget

Operations & Maintenance Expense	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance
2.1 Salaries & Wages	\$ 75,768,800	\$ 72,925,200	\$ 74,765,400	\$ (1,003,400)	-1.3%	\$ 82,681,200	\$ 7,915,800	1.2%
2.2 Workforce Development	1,801,900	1,801,900	1,391,500	(410,400)	-22.8%	1,508,800	117,300	0.0%
2.3 Overtime	6,882,600	6,983,700	7,383,000	500,400	7.3%	7,738,600	355,600	0.2%
2.4 Employee Benefits	30,087,300	28,947,000	28,218,500	(1,868,800)	-6.2%	31,521,500	3,303,000	3.0%
2.5 Transition Services	7,603,700	11,119,300	9,128,700	1,525,000	20.1%	9,128,700	-	2.9%
Total Personnel Costs	122,144,300	121,777,100	120,887,100	(1,257,200)	-1.0%	132,578,800	11,691,700	9.7%
3.1 Electric	39,966,000	42,114,000	42,820,200	2,854,200	7.1%	43,343,300	523,100	0.7%
3.2 Gas	5,791,300	8,553,400	10,168,000	4,376,700	75.6%	10,346,500	178,500	1.6%
3.3 Sewage Service	2,268,400	2,268,400	2,563,100	294,700	13.0%	2,563,700	600	1.2%
3.4 Water Service	2,981,700	2,981,700	7,843,900	4,862,200	163.1%	7,845,900	2,000	1.9%
Total Utilities Costs	51,007,400	55,917,500	63,395,200	12,387,800	24.3%	64,099,400	704,200	1.1%
4.1 Chemicals	16,118,600	23,781,600	30,451,800	14,333,200	88.9%	30,714,100	262,300	1.0%
4.2 Supplies & Other	32,097,300	32,097,300	31,371,200	(726,100)	-2.3%	32,733,100	1,361,900	-2.5%
4.3 Contractual Services	104,579,200	105,992,500	106,889,200	2,310,000	2.2%	113,185,100	6,295,900	5.9%
5.1 Capital Program Allocation	(4,376,200)	(4,376,200)	(4,232,700)	143,500	-3.3%	(4,651,400)	(418,700)	0.4%
5.2 Shared Services	(2,925,000)	(1,500,900)	(1,655,800)	1,269,200	-43.4%	(1,680,000)	(24,200)	-47.9%
6.0 Capital Outlay	2,814,500	2,814,500	2,648,300	(166,200)	-5.9%	2,691,000	42,700	1.6%
7.0 Unallocated Reserve	7,440,200	3,166,800	8,795,800	1,355,600	18.2%	9,360,900	565,100	30.7%
Total Other Categories	155,748,600	161,975,600	174,267,800	18,519,200	11.9%	182,352,800	8,085,000	4.6%
<b>Grand Total</b>	<b>\$328,900,300</b>	<b>\$339,670,200</b>	<b>\$358,550,100</b>	<b>\$ 29,649,800</b>	<b>9.0%</b>	<b>\$379,031,000</b>	<b>\$ 20,480,900</b>	<b>5.7%</b>



# Trends Discussion and Demonstration

"BUDGET O&M Expense"	Sum of FY 2018 Activity thru 06.30.2018	Sum of FY 2019 Activity thru 06.30.2019	Sum of FY 2020 Activity thru 06.30.2020	Sum of FY 2021 Activity thru 06.30.2021	Sum of FY 2022 Activity thru 06.30.2022	Sum of FY 2023 Amended Budget	Sum of FY 2024 Department Requested	Sum of FY 2025 Department Requested	FY 2018 Percent of Total	FY 2024 Percent of Total	FY 2018 to FY 2024 Increase / Decrease \$	FY 2018 to FY 2024 Increase / Decrease %
4.3 Contractual Services	100,456,700	101,873,100	106,371,700	92,019,900	107,526,700	105,992,500	106,889,200	113,185,100	35%	30%	6,432,500	6%
2.1 Salaries & Wages	55,174,400	59,921,600	64,189,400	64,910,300	63,900,800	72,925,200	74,765,400	82,681,200	19%	21%	19,591,000	36%
3.1 Electric	40,873,800	39,102,800	40,669,200	41,981,900	43,755,000	42,114,000	42,820,200	43,343,300	14%	12%	1,946,400	5%
4.2 Supplies & Other	32,726,600	34,846,900	29,605,400	29,421,500	29,088,400	32,097,300	31,371,200	32,733,100	11%	9%	(1,355,400)	-4%
2.4 Employee Benefits	20,432,100	21,997,700	25,001,000	25,448,000	24,205,500	28,947,000	28,218,500	31,521,500	7%	8%	7,786,400	38%
2.5 Transition Services	13,152,800	8,322,400	6,330,300	8,392,200	9,989,700	11,119,300	9,128,700	9,128,700	5%	3%	(4,024,100)	-31%
4.1 Chemicals	12,877,700	13,275,600	14,241,800	13,982,200	20,382,300	23,781,600	30,451,800	30,714,100	5%	8%	17,574,100	136%
3.2 Gas	6,611,500	6,568,100	5,195,600	5,705,600	8,664,700	8,553,400	10,168,000	10,346,500	2%	3%	3,556,500	54%
2.3 Overtime	6,161,600	7,553,600	7,493,800	7,364,700	8,113,300	6,983,700	7,383,000	7,738,600	2%	2%	1,221,400	20%
3.4 Water Service	4,493,100	3,631,000	3,178,600	2,987,400	4,668,600	2,981,700	7,843,900	7,845,900	2%	2%	3,350,800	75%
6.0 Capital Outlay	2,223,500	2,273,000	5,797,000	1,794,000	622,800	2,814,500	2,648,300	2,691,000	1%	1%	424,800	19%
3.3 Sewage Service	1,715,600	2,093,700	2,109,300	2,074,500	2,567,700	2,268,400	2,563,100	2,563,700	1%	1%	847,500	49%
2.2 Workforce Development	604,900	793,500	1,251,900	829,400	844,000	1,801,900	1,391,500	1,508,800	0%	0%	786,600	130%
7.0 Unallocated Reserve						3,166,800	8,795,800	9,360,900		2%	8,795,800	
5.1 Capital Program Allocation	(1,683,300)	(3,380,700)	(3,347,200)	(3,191,600)	(2,631,900)	(4,376,200)	(4,232,700)	(4,651,400)	-1%	-1%	(2,549,400)	151%
5.2 Shared Services	(9,908,100)	(7,139,400)	(1,733,700)	(2,566,800)	(2,397,900)	(1,500,900)	(1,655,800)	(1,680,000)	-3%	0%	8,252,300	-83%
<b>Grand Total</b>	<b>285,912,900</b>	<b>291,732,900</b>	<b>306,354,100</b>	<b>291,153,200</b>	<b>319,299,700</b>	<b>339,670,200</b>	<b>358,550,100</b>	<b>379,031,000</b>	<b>100%</b>	<b>100%</b>	<b>72,637,200</b>	<b>25%</b>

# Capital Finance Plan



# Draft #2 CIP Changes – Impact on Five Year Financial Plan

- ✓ The approved FY 2023 – 2027 CIPs that we utilized for the 2022 Bond sales anticipated being back in the bond market ~ December 2024 – the midpoint of FY 2025.
- ✓ The initial drafts of the FY 2024 – 2028 CIPs would have accelerated that schedule into FY 2024 – perhaps as early as March 2024 for Water.
- ✓ With Draft #2 of the CIPs sufficient bond proceeds should last through FY 2024 and the new target “market date” for the next bond transactions is the fall of 2024 during FY 2025.
- ✓ Future forecast updates will reflect key developments regarding CIP progress and availability of funding sources from SRF and capital markets

# Draft #2 CIP Changes – Impact on Five Year Financial Plan

## GLWA Financial Plan Summary (\$ millions) Executive Summary Metrics

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>Total</u>
<u>Water Supply System</u>												
Budget Adjustment		4.0%	4.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	
Charge Adjustment		2.75%	3.18%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	
Projected Revenue	361.8	370.3	385.1	408.2	432.7	458.7	486.2	515.4	546.3	579.1	613.8	
Projected Expenses	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5	
Net Revenues	216.9	217.4	222.3	242.9	263.4	286.1	310.2	335.9	363.2	392.3	423.3	
Contribution to I&E	29.6	29.8	8.4	21.8	35.4	41.6	59.8	69.6	93.8	115.2	142.2	647.3
Projected Cash Balance	198.5	209.3	222.9	226.5	231.8	236.6	241.1	246.0	250.7	255.8	261.0	
Days Cash Ratio	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	
Capital Improvements *	241.2	250.8	210.1	184.0	173.6	212.3	217.7	196.6	180.4	199.8	214.9	2,281.4
New Bond Sales **	0.0	0.0	360.0	0.0	320.0	0.0	295.0	0.0	185.0	0.0	175.0	1,335.0
SRF Loan Proceeds **	82.9	97.1	44.2	20.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	248.2
Reg Syst Debt Svc Covg **	<b>1.40</b>	<b>1.36</b>	<b>1.25</b>	<b>1.28</b>	<b>1.35</b>	<b>1.35</b>	<b>1.42</b>	<b>1.44</b>	<b>1.53</b>	<b>1.60</b>	<b>1.70</b>	
<u>Sewage Disposal System</u>												
Budget Adjustment		4.0%	4.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Charge Adjustment		2.75%	3.5%	5.1%	5.1%	5.1%	3.1%	2.9%	3.0%	3.2%	3.1%	
Projected Revenue	488.7	500.6	520.7	546.7	574.0	602.7	620.8	639.4	658.6	678.4	698.7	
Projected Expenses	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5	
Net Revenues	293.9	295.0	304.4	325.4	349.1	373.1	386.6	400.5	414.9	429.8	445.2	
Contribution to I&E	30.9	33.5	37.5	54.6	66.8	72.7	87.0	107.4	124.6	139.8	155.1	909.8
Projected Cash Balance	267.1	281.6	296.3	303.2	307.9	314.5	320.8	425.1	381.5	359.4	346.9	
Days Cash Ratio	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>650</b>	<b>572</b>	<b>528</b>	<b>499</b>	
Capital Improvements *	157.5	214.0	186.6	161.3	141.4	125.4	145.1	160.7	170.7	164.6	170.4	1,797.8
New Bond Sales **	0.0	0.0	260.0	0.0	310.0	0.0	0.0	0.0	0.0	0.0	0.0	570.0
SRF Loan Proceeds **	39.8	47.3	31.1	15.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	133.1
Debt Service Coverage **	<b>1.34</b>	<b>1.31</b>	<b>1.33</b>	<b>1.40</b>	<b>1.43</b>	<b>1.44</b>	<b>1.49</b>	<b>1.58</b>	<b>1.66</b>	<b>1.72</b>	<b>1.79</b>	

# Water Biennial BUDGET Highlights: Capital Financing Plan I&E – CIP Draft 1

## Schedule 5A - Water Improvement & Extension Fund

Water Improvement & Extension Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Water System Transfers In from General Operating	\$ 24,300,000	\$ 29,766,100	\$ 29,837,300	\$ 15,256,700	\$ 20,432,300	\$ 35,359,700	\$ 42,070,100
Earnings on Investments (b)	308,300	2,283,900	984,100	396,100	544,700	849,200	1,805,600
Net Use of Reserves (a)	19,888,000	6,974,700	66,484,200	(4,861,600)	(12,201,100)	(27,091,200)	(30,807,500)
<b>Total Revenues</b>	<b>\$ 44,496,300</b>	<b>\$ 39,024,700</b>	<b>\$ 97,305,600</b>	<b>\$ 10,791,200</b>	<b>\$ 8,775,900</b>	<b>\$ 9,117,700</b>	<b>\$ 13,068,200</b>
<b>Expenditures</b>							
Investment Earnings Transfers Out (b)	\$ 308,300	\$ 2,283,900	\$ 984,100	\$ 396,100	\$ 544,700	\$ 849,200	\$ 1,805,600
Capital Outlay	15,452,600	15,452,600	11,539,100	9,694,400	7,991,200	7,808,500	7,216,500
Revenue Financed Capital - Transfer to Construction Fund	28,735,400	21,288,200	84,782,400	700,700	240,000	460,000	4,046,100
<b>Total Expenditures</b>	<b>\$ 44,496,300</b>	<b>\$ 39,024,700</b>	<b>\$ 97,305,600</b>	<b>\$ 10,791,200</b>	<b>\$ 8,775,900</b>	<b>\$ 9,117,700</b>	<b>\$ 13,068,200</b>
<i>(a) Beginning Net Position (estimated)*</i>		\$ 94,500,000	\$ 87,525,300	\$ 21,041,100	\$ 25,902,700	\$ 38,103,800	\$ 65,195,000
<i>Net Use of Reserves</i>		\$ (6,974,700)	\$ (66,484,200)	\$ 4,861,600	\$ 12,201,100	\$ 27,091,200	\$ 30,807,500
<i>Projected Ending Net Position</i>		\$ 87,525,300	\$ 21,041,100	\$ 25,902,700	\$ 38,103,800	\$ 65,195,000	\$ 96,002,500

(b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund.

The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

\* The beginning net position at 7.01.2022 was estimated at \$94.5 million: actual amount based on recently released audit report is \$98.3 million

# Water Biennial BUDGET Highlights:

## Capital Financing Plan I&E – Updated for CIP Draft 2

### Schedule 5A - Water Improvement & Extension Fund

Water Improvement & Extension Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Water System Transfers In from General Operating	\$ 24,300,000	\$ 29,616,100	\$ 29,837,300	\$ 7,981,700	\$ 21,557,600	\$ 35,532,000	\$ 41,744,800
Earnings on Investments (b)	308,300	2,283,900	984,100	396,100	544,700	849,200	1,805,600
Net Use of Reserves (a)	19,888,000	17,126,000	(10,835,200)	(5,266,200)	(14,700)	(1,932,800)	(273,900)
<b>Total Revenues</b>	<b>\$ 44,496,300</b>	<b>\$ 49,026,000</b>	<b>\$ 19,986,200</b>	<b>\$ 3,111,600</b>	<b>\$ 22,087,600</b>	<b>\$ 34,448,400</b>	<b>\$ 43,276,500</b>
<b>Expenditures</b>							
Investment Earnings Transfers Out (b)	\$ 308,300	\$ 2,283,900	\$ 984,100	\$ 396,100	\$ 544,700	\$ 849,200	\$ 1,805,600
Capital Outlay	15,452,600	15,452,600	11,539,100	9,694,400	7,991,200	7,808,500	7,216,500
Revenue Financed Capital - Transfer to Construction Fund	28,735,400	31,289,500	7,463,000	(6,978,900)	13,551,700	25,790,700	34,254,400
<b>Total Expenditures</b>	<b>\$ 44,496,300</b>	<b>\$ 49,026,000</b>	<b>\$ 19,986,200</b>	<b>\$ 3,111,600</b>	<b>\$ 22,087,600</b>	<b>\$ 34,448,400</b>	<b>\$ 43,276,500</b>
<i>(a) Beginning Net Position (estimated)*</i>		\$ 94,500,000	\$ 77,374,000	\$ 88,209,200	\$ 93,475,400	\$ 93,490,100	\$ 95,422,900
<i>Net Use of Reserves</i>		\$ (17,126,000)	\$ 10,835,200	\$ 5,266,200	\$ 14,700	\$ 1,932,800	\$ 273,900
<i>Projected Ending Net Position</i>		\$ 77,374,000	\$ 88,209,200	\$ 93,475,400	\$ 93,490,100	\$ 95,422,900	\$ 95,696,800

(b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund.

The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

\* The beginning net position at 7.01.2022 was estimated at \$94.5 million: actual amount based on recently released audit report is \$98.3 million

# Water Biennial BUDGET Highlights: Capital Financing Plan Construction – CIP Draft 1

## Schedule 5C - Water Construction Fund

Water Construction Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Transfers from Improvement & Extension Fund	\$ 28,735,400	\$ 21,288,200	\$ 84,782,400	\$ 700,700	\$ 240,000	\$ 460,000	\$ 4,046,100
Bond Proceeds	-	225,000,000	-	346,750,000	-	294,500,000	-
Bond Fund Earnings on Investment	128,800	4,299,100	1,916,300	2,542,500	4,048,900	2,669,800	3,142,900
Grant Revenues (SRF Loans)	54,992,000	86,906,000	114,511,000	55,862,000	14,000,000	-	-
Net Use of Reserves (a)	71,644,800	(81,729,300)	54,437,300	(191,842,200)	156,511,100	(118,429,800)	153,733,000
<b>Total Revenues</b>	<b>\$155,501,000</b>	<b>\$ 255,764,000</b>	<b>\$ 255,647,000</b>	<b>\$ 214,013,000</b>	<b>\$ 174,800,000</b>	<b>\$ 179,200,000</b>	<b>\$ 160,922,000</b>
<b>Expenditures</b>							
Capital Improvement Plan (b)	\$194,376,000	\$ 255,764,000	\$ 255,647,000	\$ 214,013,000	\$ 174,800,000	\$ 179,200,000	\$ 160,922,000
Capital Spend Rate Adjustment	(38,875,000)	-	-	-	-	-	-
<b>Total Expenditures (b)</b>	<b>\$155,501,000</b>	<b>\$ 255,764,000</b>	<b>\$ 255,647,000</b>	<b>\$ 214,013,000</b>	<b>\$ 174,800,000</b>	<b>\$ 179,200,000</b>	<b>\$ 160,922,000</b>
<i>(a) Beginning Net Position (estimated)*</i>		\$ 23,100,000	\$ 104,829,300	\$ 50,392,000	\$ 242,234,200	\$ 85,723,100	\$ 204,152,900
<i>Net Use of Reserves</i>		81,729,300	(54,437,300)	191,842,200	(156,511,100)	118,429,800	(153,733,000)
<i>Projected Ending Net Position</i>		\$ 104,829,300	\$ 50,392,000	\$ 242,234,200	\$ 85,723,100	\$ 204,152,900	\$ 50,419,900
<i>(b) Plus Direct I&amp;E Projects</i>	-	-	-	-	-	-	-
<i>Total CIP Expenditures</i>	155,501,000	255,764,000	255,647,000	214,013,000	174,800,000	179,200,000	160,922,000
<i>Total Published Capital Improvement Plan</i>	194,376,000	255,764,000	255,647,000	214,013,000	174,800,000	179,200,000	160,922,000
<i>Capital Spending Ratio</i>	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Net Project Expenditures, as well as other amounts on the above schedule, are subject to change due to final CIP modifications

\* The beginning net position was estimated at \$23.1 million: actual from recently released audit report is \$4.6 million

# Water Biennial BUDGET Highlights: Capital Financing Plan Construction – Updated for CIP Draft 2

## Schedule 5C - Water Construction Fund

Water Construction Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Transfers from Improvement & Extension Fund	\$ 28,735,400	\$ 31,289,500	\$ 7,463,000	\$ (6,978,900)	\$ 13,551,700	\$ 25,790,700	\$ 34,254,400
Bond Proceeds	-	225,000,000	-	342,000,000	-	304,000,000	-
Bond Fund Earnings on Investment	128,800	4,838,100	1,848,900	1,378,100	2,935,600	2,377,700	3,351,500
Grant Revenues (SRF Loans)	54,992,000	82,867,000	97,102,000	44,230,000	20,000,000	4,000,000	-
Net Use of Reserves (a)	71,644,800	(118,204,600)	132,845,100	(180,207,200)	139,546,700	(170,354,400)	167,481,100
<b>Total Revenues</b>	<b>\$155,501,000</b>	<b>\$ 225,790,000</b>	<b>\$ 239,259,000</b>	<b>\$ 200,422,000</b>	<b>\$ 176,034,000</b>	<b>\$ 165,814,000</b>	<b>\$ 205,087,000</b>
<b>Expenditures</b>							
Capital Improvement Plan (b)	\$194,376,000	\$ 225,789,600	\$ 239,259,400	\$ 200,421,900	\$ 176,033,600	\$ 165,813,500	\$ 205,087,000
Capital Spend Rate Adjustment	(38,875,000)	400	(400)	100	400	500	-
<b>Total Expenditures (b)</b>	<b>\$155,501,000</b>	<b>\$ 225,790,000</b>	<b>\$ 239,259,000</b>	<b>\$ 200,422,000</b>	<b>\$ 176,034,000</b>	<b>\$ 165,814,000</b>	<b>\$ 205,087,000</b>
(a) Beginning Net Position (estimated)*		\$ 23,100,000	\$ 141,304,600	\$ 8,459,500	\$ 188,666,700	\$ 49,120,000	\$ 219,474,400
Net Use of Reserves		118,204,600	(132,845,100)	180,207,200	(139,546,700)	170,354,400	(167,481,100)
Projected Ending Net Position		<u>\$ 141,304,600</u>	<u>\$ 8,459,500</u>	<u>\$ 188,666,700</u>	<u>\$ 49,120,000</u>	<u>\$ 219,474,400</u>	<u>\$ 51,993,300</u>
(b) Plus Direct I&E Projects	-	-	-	-	-	-	-
Total CIP Expenditures	155,501,000	225,790,000	239,259,000	200,422,000	176,034,000	165,814,000	205,087,000
Total Published Capital Improvement Plan	194,376,000	225,789,600	239,259,400	200,421,900	176,033,600	165,813,500	205,087,000
Capital Spending Ratio	80.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* The beginning net position at 7.01.2022 was estimated at \$23.1 million; actual amount based on recently released audit report is \$4.6 million



# Sewer Biennial BUDGET Highlights: Capital Financing Plan I&E – CIP Draft 1

## Schedule 5B - Sewer Improvement & Extension Fund

Sewer Improvement & Extension Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Sewer System Transfers In from General Operating	\$ 39,342,500	\$ 30,850,000	\$ 33,488,600	\$ 42,669,700	\$ 56,831,300	\$ 69,620,400	\$ 76,836,400
Receipt of DWSD Shortfall Loan Interest	-	-	-	-	-	-	-
Earnings on Investments (b)	247,700	2,499,800	2,092,900	2,339,700	2,430,200	2,419,600	1,371,900
Net Use of Reserves (a)	5,549,500	11,097,100	(14,518,100)	(14,405,800)	(6,990,700)	(4,957,000)	(4,298,000)
<b>Total Revenues</b>	<b>\$ 45,139,700</b>	<b>\$ 44,446,900</b>	<b>\$ 21,063,400</b>	<b>\$ 30,603,600</b>	<b>\$ 52,270,800</b>	<b>\$ 67,083,000</b>	<b>\$ 73,910,300</b>
<b>Expenditures</b>							
Investment Earnings Transfers Out (b)	\$ 247,700	\$ 2,499,800	\$ 2,092,900	\$ 2,339,700	\$ 2,430,200	\$ 2,419,600	\$ 1,371,900
Capital Outlay	18,447,100	18,447,100	14,970,500	12,399,500	7,795,700	7,694,000	9,226,300
Revenue Financed Capital - Transfer to Construction Fund	26,444,900	23,500,000	4,000,000	15,864,400	42,044,900	56,969,400	63,312,100
<b>Total Expenditures</b>	<b>\$ 45,139,700</b>	<b>\$ 44,446,900</b>	<b>\$ 21,063,400</b>	<b>\$ 30,603,600</b>	<b>\$ 52,270,800</b>	<b>\$ 67,083,000</b>	<b>\$ 73,910,300</b>
<i>(a) Beginning Net Position (estimated)*</i>		\$ 104,300,000	\$ 93,202,900	\$ 107,721,000	\$ 122,126,800	\$ 129,117,500	\$ 134,074,500
<i>Net Use of Reserves</i>		\$ (11,097,100)	\$ 14,518,100	\$ 14,405,800	\$ 6,990,700	\$ 4,957,000	\$ 4,298,000
<i>Projected Ending Net Position</i>		\$ 93,202,900	\$ 107,721,000	\$ 122,126,800	\$ 129,117,500	\$ 134,074,500	\$ 138,372,500

(b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund.

The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

\* The beginning net position at 7.01.2022 was estimated at \$104.3 million: actual amount based on recently released audit report is \$102.3 million

# Sewer Biennial BUDGET Highlights:

## Capital Financing Plan I&E –

### Updated for CIP Draft 2

#### Schedule 5B - Sewer Improvement & Extension Fund

Sewer Improvement & Extension Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Sewer System Transfers In from General Operating	\$ 39,342,500	\$ 30,850,000	\$ 33,488,600	\$ 37,461,400	\$ 54,554,500	\$ 66,837,000	\$ 71,958,600
Earnings on Investments (b)	247,700	2,499,800	2,092,900	2,339,700	2,430,200	2,419,600	1,371,900
Net Use of Reserves (a)	5,549,500	11,097,100	(14,518,100)	(14,641,700)	(6,907,000)	(4,769,800)	(3,114,300)
<b>Total Revenues</b>	<b>\$ 45,139,700</b>	<b>\$ 44,446,900</b>	<b>\$ 21,063,400</b>	<b>\$ 25,159,400</b>	<b>\$ 50,077,700</b>	<b>\$ 64,486,800</b>	<b>\$ 70,216,200</b>
<b>Expenditures</b>							
Investment Earnings Transfers Out (b)	\$ 247,700	\$ 2,499,800	\$ 2,092,900	\$ 2,339,700	\$ 2,430,200	\$ 2,419,600	\$ 1,371,900
Capital Outlay	18,447,100	18,447,100	14,970,500	12,399,500	7,795,700	7,694,000	9,226,300
Revenue Financed Capital - Transfer to Construction Fund	26,444,900	23,500,000	4,000,000	10,420,200	39,851,800	54,373,200	59,618,000
<b>Total Expenditures</b>	<b>\$ 45,139,700</b>	<b>\$ 44,446,900</b>	<b>\$ 21,063,400</b>	<b>\$ 25,159,400</b>	<b>\$ 50,077,700</b>	<b>\$ 64,486,800</b>	<b>\$ 70,216,200</b>
<i>(a) Beginning Net Position (estimated)*</i>		\$ 104,300,000	\$ 93,202,900	\$ 107,721,000	\$ 122,362,700	\$ 129,269,700	\$ 134,039,500
<i>Net Use of Reserves</i>		\$ (11,097,100)	\$ 14,518,100	\$ 14,641,700	\$ 6,907,000	\$ 4,769,800	\$ 3,114,300
<i>Projected Ending Net Position</i>		\$ 93,202,900	\$ 107,721,000	\$ 122,362,700	\$ 129,269,700	\$ 134,039,500	\$ 137,153,800

(b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund.

The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

\* The beginning net position at 7.01.2022 was estimated at \$104.3 million: actual amount based on recently released audit report is \$102.3 million

# Sewer Biennial BUDGET Highlights: Capital Financing Plan Construction – CIP Draft 1

## Schedule 5D - Sewer Construction Fund

Sewer Construction Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Transfers from Improvement & Extension Fund	\$ 26,444,900	\$ 23,500,000	\$ 4,000,000	\$ 15,864,400	\$ 42,044,900	\$ 56,969,400	\$ 63,312,100
Bond Proceeds	-	225,000,000	-	213,750,000	-	275,500,000	-
Bond Fund Earnings on Investment	86,200	5,202,600	2,576,600	1,372,600	2,246,000	3,278,900	5,916,300
Grant Revenues (SRF Loans)	18,720,000	43,383,000	49,454,000	47,436,000	48,686,000	23,959,000	(36,363,000)
Net Use of Reserves (a)	49,197,900	(155,289,600)	133,871,400	(89,779,000)	72,472,100	(225,013,300)	80,255,600
<b>Total Revenues</b>	<b>\$ 94,449,000</b>	<b>\$ 141,796,000</b>	<b>\$ 189,902,000</b>	<b>\$ 188,644,000</b>	<b>\$ 165,449,000</b>	<b>\$ 134,694,000</b>	<b>\$ 113,121,000</b>
<b>Expenditures</b>							
Capital Improvement Plan (b)	\$125,932,000	\$ 141,796,000	\$ 189,902,000	\$ 188,644,000	\$ 165,449,000	\$ 134,694,000	\$ 113,121,000
Capital Spend Rate Adjustment	(31,483,000)	-	-	-	-	-	-
<b>Total Expenditures (b)</b>	<b>\$ 94,449,000</b>	<b>\$ 141,796,000</b>	<b>\$ 189,902,000</b>	<b>\$ 188,644,000</b>	<b>\$ 165,449,000</b>	<b>\$ 134,694,000</b>	<b>\$ 113,121,000</b>
(a) Beginning Net Position (estimated)*		\$ 16,000,000	\$ (125,796,000)	\$ (315,698,000)	\$ (504,342,000)	\$ (669,791,000)	\$ (804,485,000)
Net Use of Reserves		(141,796,000)	(189,902,000)	(188,644,000)	(165,449,000)	(134,694,000)	(113,121,000)
Projected Ending Net Position		<u>\$ (125,796,000)</u>	<u>\$ (315,698,000)</u>	<u>\$ (504,342,000)</u>	<u>\$ (669,791,000)</u>	<u>\$ (804,485,000)</u>	<u>\$ (917,606,000)</u>
(b) Plus Direct I&E Projects	-	-	-	-	-	-	-
Total CIP Expenditures	94,449,000	141,796,000	189,902,000	188,644,000	165,449,000	134,694,000	113,121,000
Total Published Capital Improvement Plan	125,932,000	141,796,000	189,902,000	188,644,000	165,449,000	134,694,000	113,121,000
Capital Spending Ratio	75.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

The Net Project Expenditures, as well as other amounts on the above schedule, are subject to change due to final CIP modifications

\* The beginning net position at 7.01.2022 was estimated at \$16.0 million: actual amount based on recently released audit report is \$3.9 million

# Sewer Biennial BUDGET Highlights:

## Capital Financing Plan Construction –

### Updated for CIP Draft 2

#### Schedule 5D - Sewer Construction Fund

Sewer Construction Fund Inflows & Outflows	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
<b>Revenues</b>							
Transfers from Improvement & Extension Fund	\$ 26,444,900	\$ 23,500,000	\$ 4,000,000	\$ 10,420,200	\$ 39,851,800	\$ 54,373,200	\$ 59,618,000
Bond Proceeds	-	225,000,000	-	247,000,000	-	294,500,000	-
Bond Fund Earnings on Investment	86,200	5,188,600	2,411,000	1,280,900	2,280,500	2,873,200	5,847,600
Grant Revenues (SRF Loans)	18,720,000	39,750,000	47,253,000	31,104,000	15,004,000	-	-
Net Use of Reserves (a)	49,197,900	(154,345,600)	145,397,000	(115,603,100)	96,381,700	(218,014,400)	50,714,400
<b>Total Revenues</b>	<b>\$ 94,449,000</b>	<b>\$ 139,093,000</b>	<b>\$ 199,061,000</b>	<b>\$ 174,202,000</b>	<b>\$ 153,518,000</b>	<b>\$ 133,732,000</b>	<b>\$ 116,180,000</b>
<b>Expenditures</b>							
Capital Improvement Plan (b)	\$125,932,000	\$ 139,093,000	\$ 199,061,100	\$ 174,201,900	\$ 153,517,500	\$ 133,732,100	\$ 116,180,200
Capital Spend Rate Adjustment	(31,483,000)	-	(100)	100	500	(100)	(200)
<b>Total Expenditures (b)</b>	<b>\$ 94,449,000</b>	<b>\$ 139,093,000</b>	<b>\$ 199,061,000</b>	<b>\$ 174,202,000</b>	<b>\$ 153,518,000</b>	<b>\$ 133,732,000</b>	<b>\$ 116,180,000</b>
<i>(a) Beginning Net Position (estimated)*</i>		\$ 16,000,000	\$ 170,345,600	\$ 24,948,600	\$ 140,551,700	\$ 44,170,000	\$ 262,184,400
<i>Net Use of Reserves</i>		154,345,600	(145,397,000)	115,603,100	(96,381,700)	218,014,400	(50,714,400)
<i>Projected Ending Net Position</i>		\$ 170,345,600	\$ 24,948,600	\$ 140,551,700	\$ 44,170,000	\$ 262,184,400	\$ 211,470,000
<i>(b) Plus Direct I&amp;E Projects</i>	-	-	-	-	-	-	-
<i>Total CIP Expenditures</i>	94,449,000	139,093,000	199,061,000	174,202,000	153,518,000	133,732,000	116,180,000
<i>Total Published Capital Improvement Plan</i>	125,932,000	139,093,000	199,061,100	174,201,900	153,517,500	133,732,100	116,180,200
<i>Capital Spending Ratio</i>	75.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\* The beginning net position at 7.01.2022 was estimated at \$16.0 million: actual amount based on recently released audit report is \$3.9 million



**GLWA**

*Great Lakes Water Authority*