

The GLWA "revenue requirement budget" is the basis for establishing the annual charges for services. Nearly 53% of the FY 2023 budget of \$837 million are legal commitments such as debt service (43%), lease payment (6%), Water Residential Assistance Program (WRAP) (0.5%) and legacy liabilities (4%). Capital funding reserve for replacement is 7.6% of the total budget. The Operations & Maintenance (O&M) expense represents \$329 million, or 39% of the total. This analysis focuses on O&M expense, as compared to the prior year, to provide insight into O&M expense increase of 1.1%, or \$3.7 million.

Staffing & Personnel The staffing plan (number of positions) is at 1,293 (increase of 54). Full-time Equivalents (FTE), which is the pro-rata hours that a position is budgeted is at 1,234.44 (increase of 18.19). Rationale for these changes is noted in each category.

Water Operations - increase of \$1.7 million Increases are mainly due to Personnel Costs (\$3.3 million) related to the staffing plan increase of 29 (24.25 FTEs), 25 positions are for the new Water Technician Apprenticeship Program, as well as increases in medical plan fringe benefits. Decreases include reduced Contractual Services which (\$1.6 million) due to the alum sludge removal, hauling, and disposal project for the Springwells, Northeast, and Southwest Water Treatment Plants.

Wastewater Operations - increase of \$1.2 million Increases are mainly due to Personnel Costs (\$1.8 million) reflecting an increase in base level wages for some classifications to recruit and retain personnel. Note that the staffing plan positions has increased by 2 but FTEs decreased by 9.56 due to vacancies caused by recruiting challenges. Increases have also been recognized in the medical plan

fringe benefits. Unallocated Reserves increased (\$1.8 million) to cover area of risk such as chemical price increases. Decreases include Supplies & Other (\$2.4 million) from a review of existing contracts.

Centralized Services¹ - increase \$0.7 million Increases include the 11 positions (6.25 FTEs) (\$1.9 million) in Planning Services to support the Capital Improvement Plan. Security is adding 3 officers for (\$0.5 million) for expanded coverage. The Systems Operations Control services contract increased (\$0.3 million) and Facility Operations increased (\$0.5 million) for a gate repair. Decreases were realized from adjusted project timelines for the Linear System Integrity Program (LSIP) (\$1.2 million) and the Water Master Plan (\$0.4 million). Information Technology decreased contracts (\$0.8 million) as well as Energy, Research & Innovation for (\$0.1 million).

Administrative Services² - increase \$0.1 million Increases are mainly due to Personnel Costs: Organizational Development is adding 5 positions (4 FTEs) to support onboarding and training (\$0.6 million); Procurement is adding 3 positions (1.5 FTEs) to manage increased workload (\$0.4 million); Financial Services, while decreasing 9 positions (9.75 FTE), has an overall increase to in costs due to the skill level for succession and in-sourcing as well as increases fringe benefits (\$0.6 million). Contractual Services increased (\$0.5 million) to support ERP implementation. Decreases include Unallocated Reserves (\$1.1 million); Contractual services for the Board of Directors (\$0.7 million) for a one-time project; and supplies & contractual services (\$0.2 million) for Organizational Development.

Questions? Contact the Office of the Chief Financial Officer at cfo@glwater.org

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

² 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.