

ADDENDUM 1

Supplemental Information –

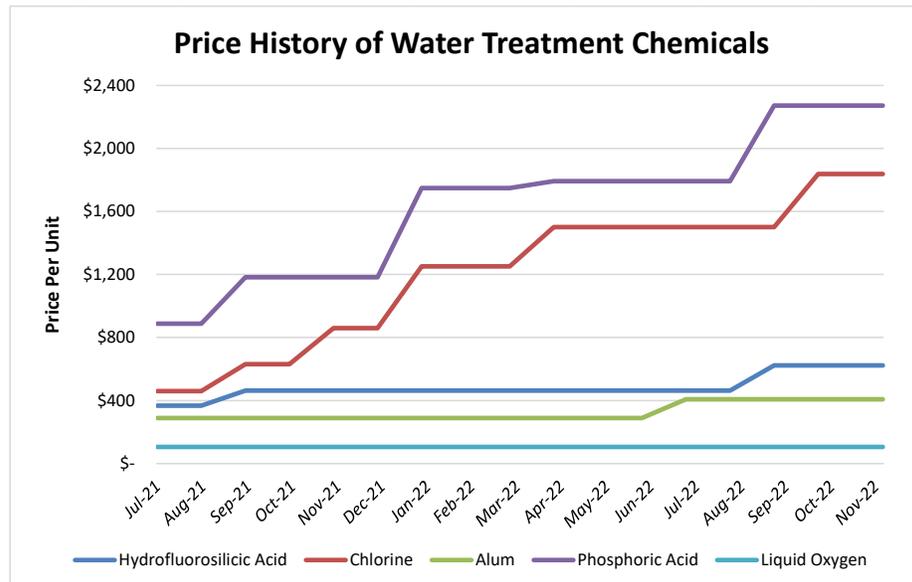
Enterprise-wide Operations & Maintenance Department and Account Level Amendments

The summary of budget amendments for operations & maintenance (department and account level amendments) are organized by the four core groups. The FY 2023 second quarter budget amendments result in an increase to A - Water System Operations and B - Sewer System Operations and net zero changes to the remaining two categories: C - Centralized Services and D - Administrative & Other Services.

GLWA’s internal budget directive is for each area, group, and team to manage their needs to an amount within the initial budget. To the extent that is not possible, an amendment is made from the unallocated reserve. If savings are incurred, or an area appears to not require as much funding as established in the original budget, that department’s budgeted expenses are reduced, and the unallocated reserve is increased. In administering the budget, there are several refinements to departments and account categories. An explanation of key items is included in the table in Addendum 1.

Items greater than \$500,000 include the following (see the table on the following page).

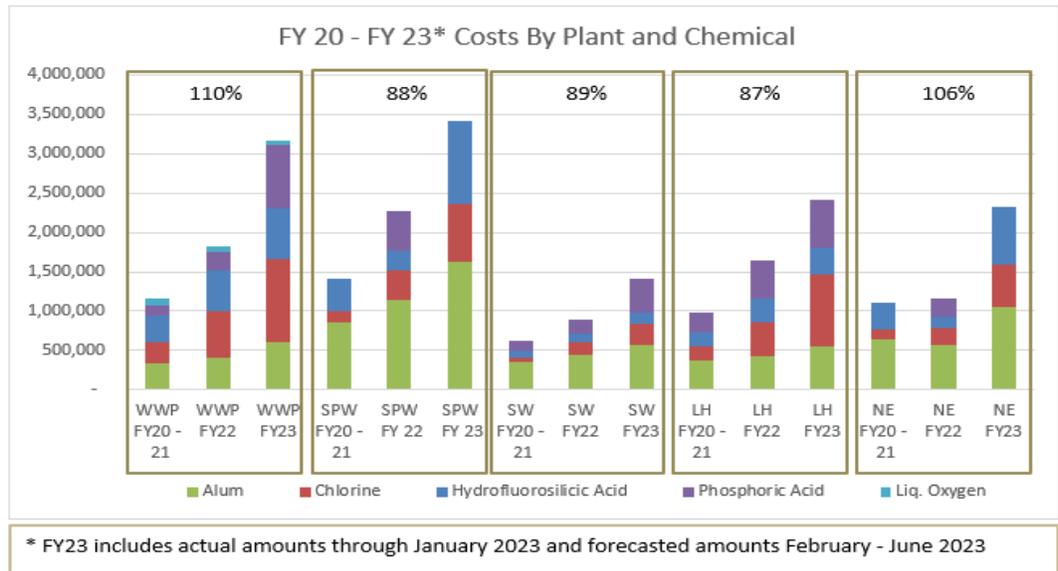
- A – Water System Operations – Net change = \$4.3 million
 - Chemicals – Increase of \$4.7 million – Adjustment for increase in chemical costs, primarily Chlorine, Phosphoric Acid, and Hydrofluorosilicic Acid (Fluoride), based on estimated usage in FY 2023. The following table shows the pricing history of chemicals experienced by Water System Operations.



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- Utilities – Increase of \$1.2 million – Details can be found in *Addendum 2 – Supplemental Information – Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments*.
 - Personnel – Decrease of \$2.8 million – Due to the timing of filling vacant positions, especially those that are hard to fill in this tight labor market.
 - Capital Program Allocation – Increase of \$0.7 million – This is the portion of Personnel costs which are attributed to the Capital Improvement Plan. The amount in this category is shown as negative as this is a “contra” account which represents an offset to the Personnel costs section of the O&M budget. The adjustment to the Capital Program Allocation budget is related to the adjustment to the Personnel costs referenced in the bullet point above.
 - Supplies & Other – Increase of \$0.5 million - This increase is primarily due to maintenance needs at the water plants and pumping stations.
- B – Wastewater System Operations – Net change = \$8.4 million. This increase is due to Utilities - Details can be found in *Addendum 2 – Supplemental Information – Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments*.

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Enterprise-wide Operations & Maintenance Department and Account Level Amendments

The table below shows the second quarter FY 2023 budget amendments per Expense Category for the four core groups.

Major Budget Categories and Expense Categories	Total 2nd Quarter FY 2023 Amendments
A Water System Operations	4,300,000
Personnel	(2,835,000)
Supplies & Other	510,000
Unallocated Reserve	(9,300)
Utilities	1,200,000
Capital Program Allocation	740,000
Chemicals	4,694,300
B Wastewater System Operations	8,400,000
Supplies & Other	(300,300)
Unallocated Reserve	302,600
Utilities	8,397,700
C Centralized Services	-
Contractual Services	80,000
Personnel	(80,000)
D Administrative & Other Services	-
Contractual Services	(94,200)
Personnel	140,200
Unallocated Reserve	(46,000)
Grand Total	12,700,000