



## Proposed FY 2023 Service Charges Highlights

Proposed FY 2023 Water and Sewer Service Charges have been established and submitted to the Audit Committee for review. The GLWA Board of Directors will hold a Public Hearing in late February for the proposed schedule of charges for the fiscal year beginning July 1, 2022.

### Charges are Based on Four Key Elements.

**1) Budget:** The costs for the daily operations and maintenance activities (such as the people, services, utilities, chemicals, and parts to operate plants and maintain the pipelines), 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”.

**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. For the water system, this includes the amount of water purchased each year. For the sewer system, each member partner is assigned a percentage “share.”

**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.

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## Proposed FY 2023 Water System Charges

The average system charge adjustment for water is a 3.7 percent increase. This is the result of 1) a proposed Water budget increase of 3.5 percent; and 2) reduced baseline revenues related to decreased estimated sales volumes, which adds 0.2 percent to the needed charge increase. As a result of the 2018 Contract Alignment Process (CAP), the FY 2023 Units of Service changed for only 4 member partners. This has significantly improved charge stability among member partner communities. The proposed water charges reflect a uniform increase in wholesale revenue requirements of 3.6 percent, with a uniform average charge increase of 3.4 percent for the 84 member partners that did not have changes in contractual or estimated demands.

## Approved FY 2023 Sewer System Charges

The average system charge adjustment for sewer is also a 3.7 percent increase. This is the result of 1) a proposed Sewer budget increase of 2.5 percent; and 2) reinstatement of a bad debt surcharge related to Highland Park which adds 1.2 percent to the charge increase. The recently updated Sewer Shares, which were collaboratively established through the Sewer Charges Workgroup, were included in the calculations for the FY 2022 charges. This update continues with the proposed FY 2023 charges resulting in a uniform impact of charge adjustments for all member partners.

### Average System Charge Adjustments

Year	Water	Sewer
2018	1.8%	-0.7%
2019	1.8%	0.1%
2020	0.6%	0.8%
2021	3.2%	2.0%
2022	1.5%	-0.6%
2023 proposed	3.7%	3.7%
6-Year Average	2.1%	0.9%