

FY 2020 Budget Year Highlights

The proposed revenue requirement (i.e. budget) overall increase is 3.5%. The impact of that budget increase on service charges is partially offset by an improved investment earnings program. The result water supply charges increase estimated at 1.6% and sewer system service charges at 2.1% on a system-wide basis.¹

New FY 2020 Budget Items

The Operations & Maintenance budget increase of \$12.5 million includes several new initiatives.

One Water Institute (\$1.2 million) to expand educational opportunities and service sector expertise for GLWA and its Member-Partners throughout the region.

Comprehensive Corrosion Control Optimization Study (\$1.1 million) at each of the five water treatment plants demonstrating GLWA's proactive approach to providing water of unquestionable quality.

Capital Program Management process, technology, and staff development project (\$1.3 million). Potential award of a contract in February 2019 will also provide capital project delivery support services.

Transmission System Pipe Integrity Program (TSIP) (\$2.0 million) for the water system to minimize both the probability and consequence of pipeline failures with a strategic risk-based approach to pipe renewal.

Collection System Modeling and Monitoring (\$1.5 million) to create alternative control strategies in the wastewater collection system.

Combined Sewer Overflow Condition Assessment, Calibration, and Preventative Maintenance Program (\$470k) for various meters in each of the CSO facilities.

Reduced Shared Services (\$3.1 million) information technology reimbursement due to planned separation of systems. The staff and contractual resources will be reassigned to meet GLWA's growing technology needs.

Long-term Financial Plan

Commitment to sound financial planning requires a long-term focus. The GLWA Board adopts a biennial budget with the added insight of an accompanying five-year financial plan. This supports financial stability and reduces surprises. The long-term plan's goal is to limit overall *operations and maintenance expenses* increases to no more than 2%.

Capital Improvement Program

GLWA's five-year capital improvement program (CIP) is available on GLWA's website. The CIP cycle aligns with the timing of the five-year financial plan by design. The CIP is the outcome of extensive staff effort and stakeholder participation.

To fund the CIP, GLWA's annual revenue requirement includes a contribution of \$56.6 million or 7% of customer charges to fund a partial pay-as-you go approach. This strategy is designed to lower GLWA's debt burden, improve affordability, and lower the cost of debt in the future. To provide perspective, FY 2020 budgeted debt service of \$354.7 million is equal to 44% of service charges. It is not expected that GLWA will need to return to the market for water system borrowing until FY 2022 and the latter half of FY 2020 for the sewer system.

¹ Individual member partner charges will vary.