

GLWA

Great Lakes Water Authority



Proposed

FY 2024 – FY 2025 Biennial Budget &

Five Year Financial Plan

FY 2024 through FY 2028

Draft 2 – Updated & New Pages

Presented to the

Audit Committee

February 13, 2023

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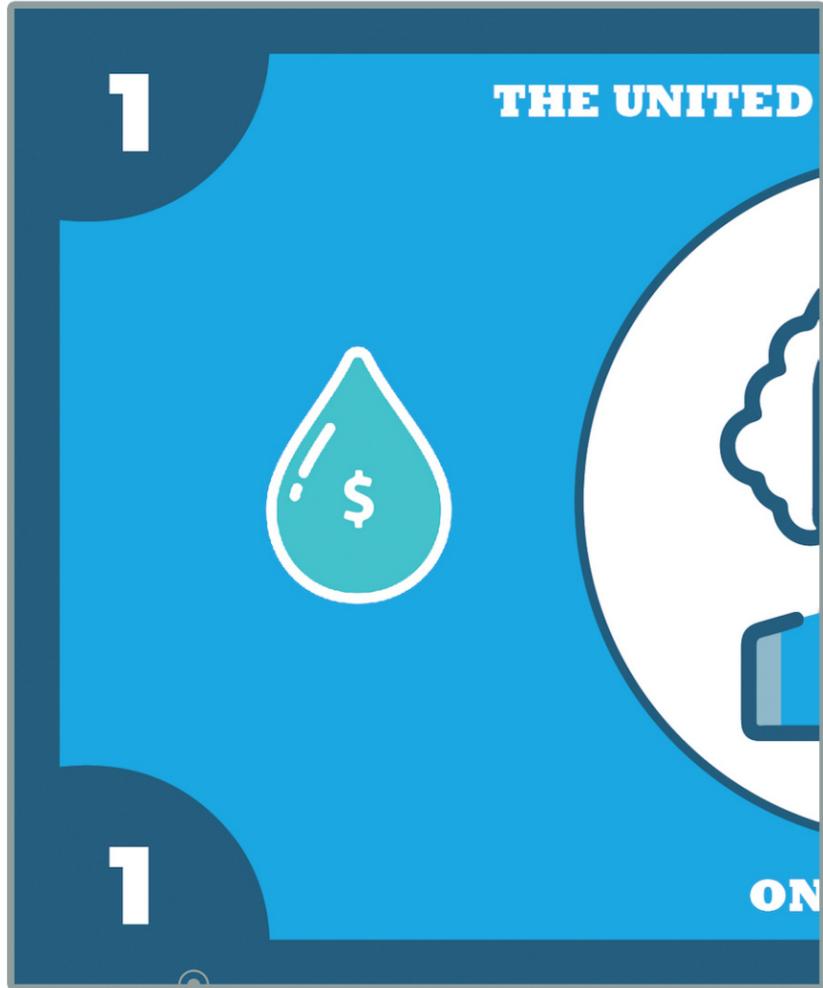
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MAKING SENSE OF YOUR DOLLARS

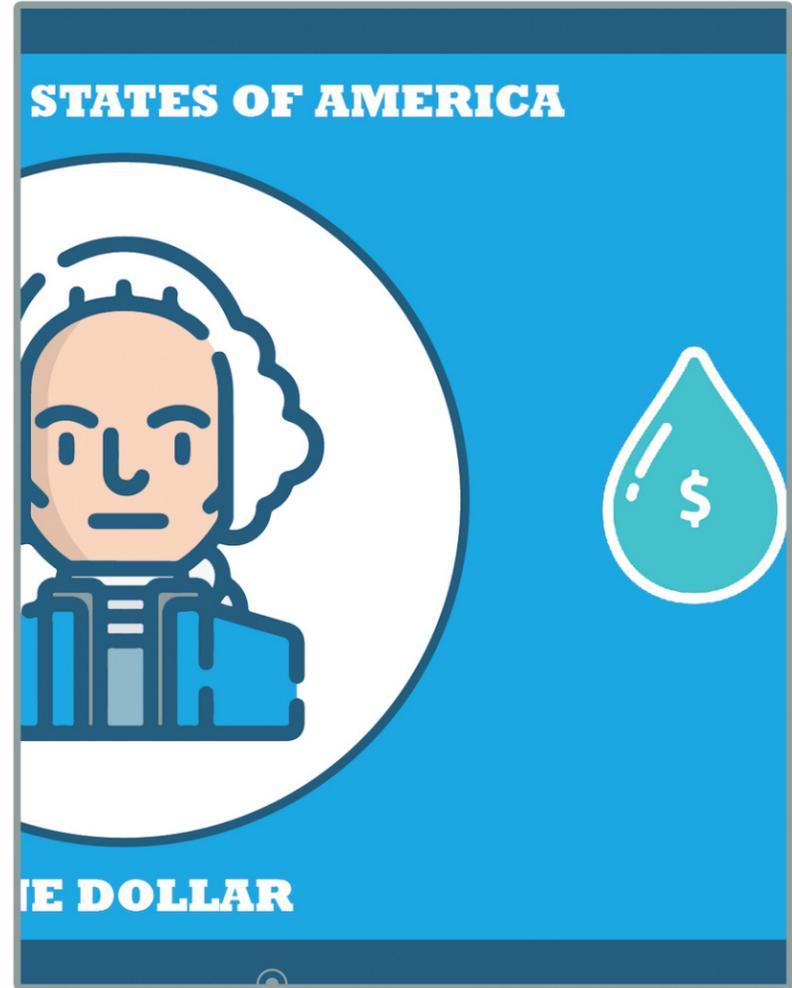
Every dollar paid to GLWA for **Water Services** provides for...



43.1% DEBT SERVICE

43.1¢ ON THE DOLLAR

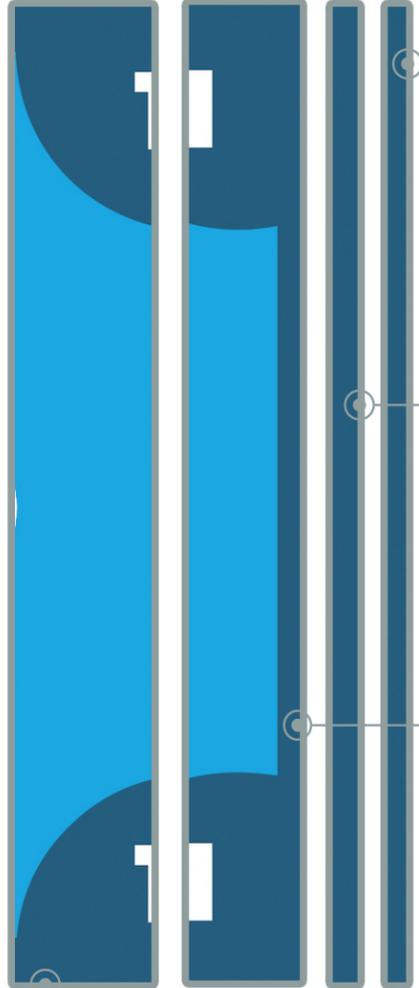
Physical improvements to GLWA's regional water system and its assets are financed with debt. Debt service principal, interest and other required deposits are funded monthly.



41.3% OPERATIONS AND MAINTENANCE

41.3¢ ON THE DOLLAR

The cost for people, utilities, chemicals, and services to deliver water of unquestionable quality around-the-clock, every day of the year.



8.1% REVENUE FINANCED CAPITAL

8.1¢ ON THE DOLLAR

Sometimes it is not financially responsible for GLWA to pay for a small water 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.

0.9% CLOSED PENSION

0.9¢ ON THE DOLLAR

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

6.1% REGIONAL SYSTEM LEASE

6.1¢ ON THE DOLLAR

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

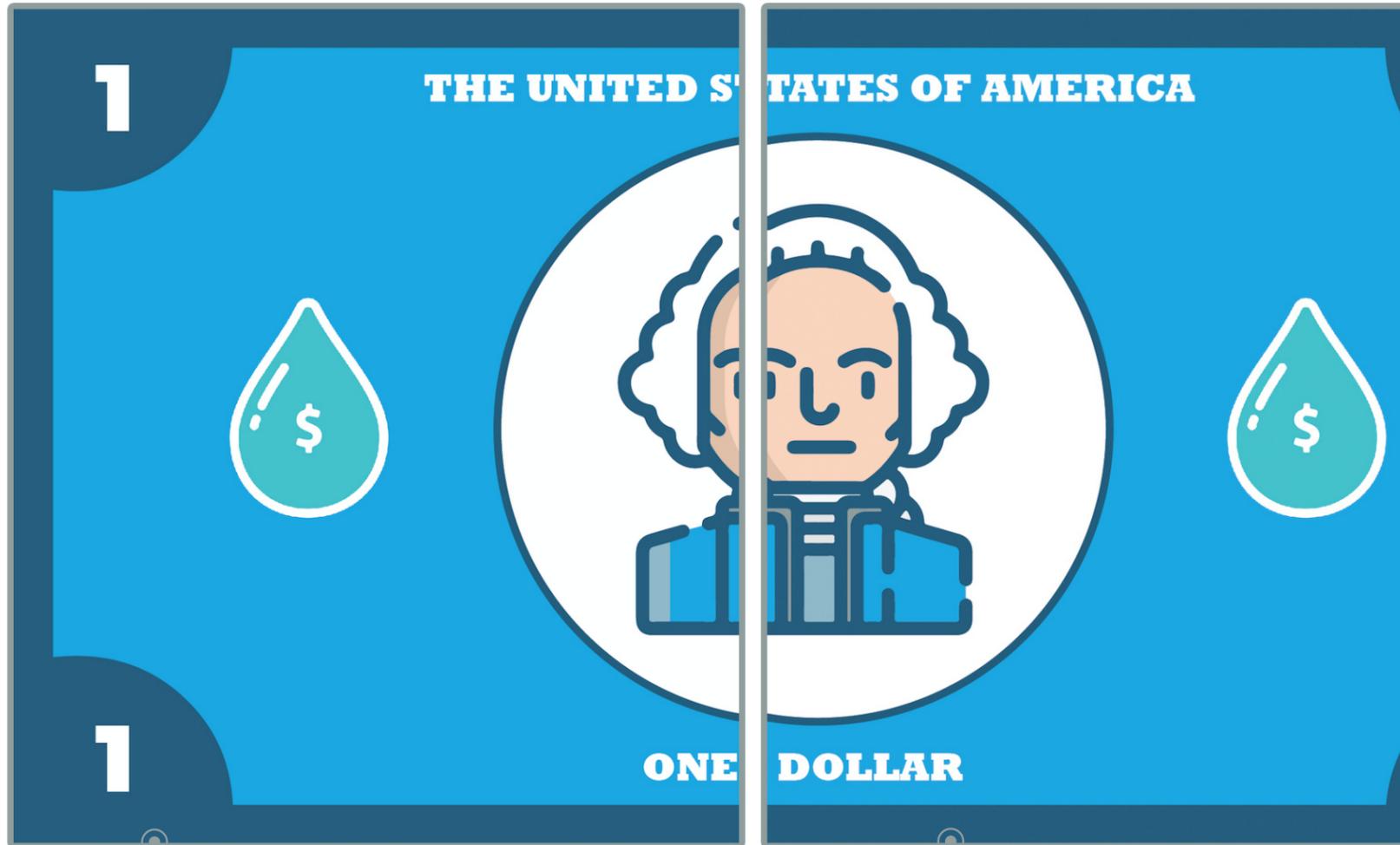


WE ARE ONE WATER

Note: Percentages based on FY 2024 proposed budget as of February 13, 2023

MAKING SENSE OF YOUR DOLLARS

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



45.6% DEBT SERVICE

45.6¢ 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.

6.0% REVENUE FINANCED CAPITAL

6.0¢ 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.

-  /glwater
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WE ARE ONE WATER

Note: Percentages based on FY 2024 proposed budget as of February 13, 2023

MAKING SENSE OF YOUR DOLLARS

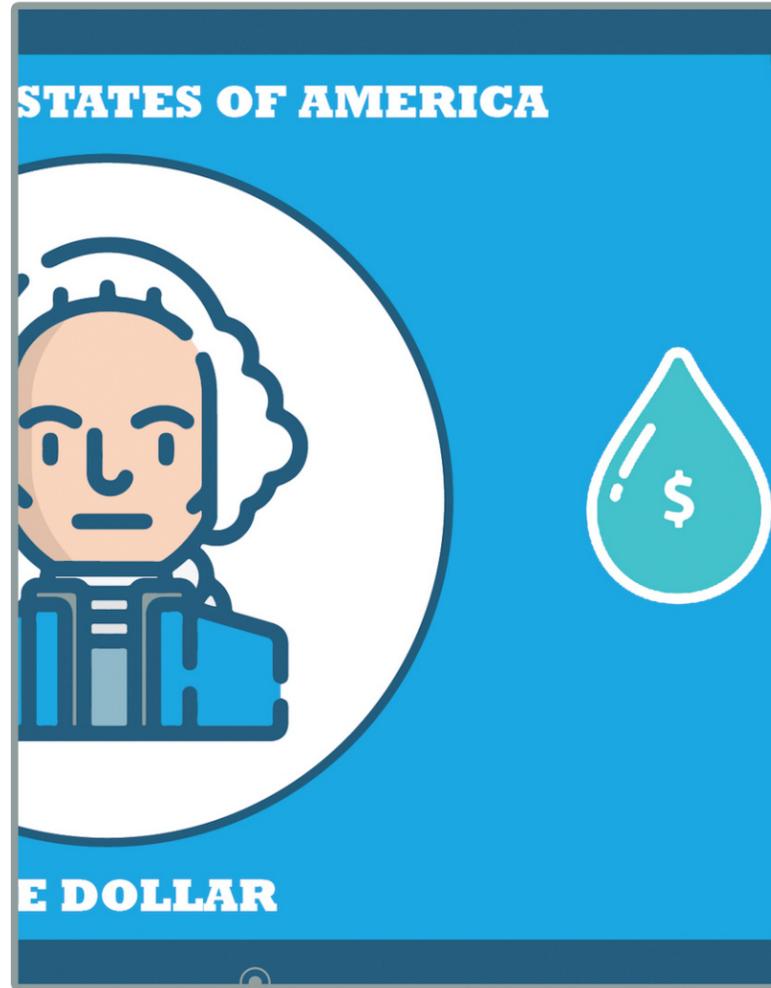
Every dollar paid to GLWA for combined **Water and Wastewater Services** provides for...



44.5% DEBT SERVICE

44.5¢ ON THE DOLLAR

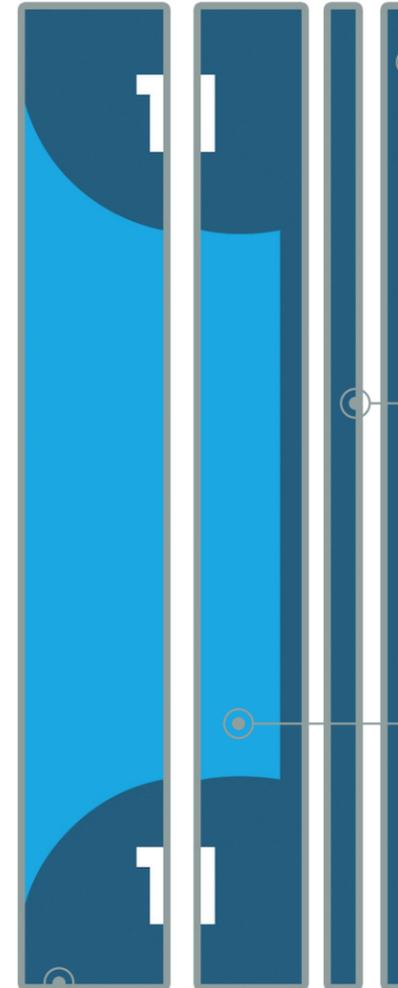
Physical improvements to GLWA's regional water and wastewater systems and their assets are financed with debt. Debt service principal, interest and other required deposits are funded monthly.



41.2% OPERATIONS AND MAINTENANCE

41.2¢ ON THE DOLLAR

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



7.0% REVENUE FINANCED CAPITAL

7.0¢ ON THE DOLLAR

Sometimes it is not financially responsible for GLWA to pay for a small water or 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.

1.1% CLOSED PENSION

1.1¢ ON THE DOLLAR

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

5.7% REGIONAL SYSTEM LEASE

5.7¢ ON THE DOLLAR

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

-  [/glwater](https://www.facebook.com/glwater)
-  [/greatlakeswaterauthority](https://www.linkedin.com/company/greatlakeswaterauthority)
-  [/glwatermi](https://twitter.com/glwatermi)
-  [/glwa](https://www.youtube.com/channel/UCglwa)
-  [glwater.org](https://www.glwater.org)

WE ARE ONE WATER

Note: Percentages based on FY 2024 proposed budget as of February 13, 2023

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%).

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 has had a significant negative impact on GLWA's budget. See the [Economic Outlook Task Force Phase I Report](#) presented to the GLWA Board of Director's 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 Services¹ – 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 Services² – 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); contractual services within Organizational 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

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.

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, 2023.

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

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 and b) increased estimated sales volumes. As a 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	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	3.7%	2.4%
2024	2.75%	2.75%
7-Year Average	2.2%	0.9%

Financial Plan Calendar

FY 2024 and FY 2025 Biennial Budget & Five-Year Financial Planning Cycle As of February 13, 2023

The Great Lakes Water Authority (GLWA) Financial Planning Cycle includes:

1. FY 2024 and FY 2025 Biennial Budget
2. FY 2024 through FY 2028 Five-Year Financial Plan
3. FY 2024 through FY 2028 Five-Year Capital Improvement Plan
4. FY 2024 Schedule of Revenues and Charges

The schedule below reflects planning for the comprehensive GLWA Financial Plan.

Date	Activity
Friday, September 16, 2022	Internal – Deadline for Cost Center Budget Request
Tuesday, October 18, 2022 10:00 AM – 11:00 AM (Confirmed on 9.28.2022)	Capital Planning Committee – Review of CIP Version 1.0
Tuesday, October 18, 2022	Release CIP Version 1.0 to Member Partners for Review
Tuesday, November 01, 2021	Analytical Work Group – No Exceedances (exceedances to notified to communities by October 1st, meet by November 1 st and AWG by December 1st)
Tuesday, November 1, 2022	DWSD – Proposed CIP to be provided (Water and Sewer Services Agreement 5.3d(i))
Wednesday, October 19, 2022 1:00 PM – 3:00 PM (Confirmed on 9.28.2022)	Charges Rollout Meeting #1 – Water & Sewer Capital Improvement Plan Version 1.0
Wednesday, November 16, 2022 1:00 PM – 3:00 PM (Confirmed on 9.28.2022)	Charges Rollout Meeting #2 – Units of Service Update
Thursday, December 1, 2022	GLWA and DWSD (City) - Exchange shared services to be provided and related costs (Shared Services Agreement 5.4)
Tuesday, December 13, 2022 Deferred to January 18, 2023	Capital Planning Committee – Review of CIP Version 2.0

Date	Activity
Friday, December 16, 2022	GLWA Audit Committee Meeting – Proposed Revenue Requirement & Charges
Sunday, January 1, 2023	DWSD – Preliminary two-year budget forecast Including key assumptions and impact statement due to GLWA (Water and Sewer Services Agreement 5.3a)
Wednesday, January 11, 2023	GLWA Regular Board Workshop - Review Proposed FY 2024 and 2025 Biennial Budget (Revenue Requirement) and Five-Year Financial Plan & Proposed FY 2024 Charges
Thursday, January 12, 2023 9:00 AM – 12:00 PM (Confirmed on 9.28.2022)	Charges Rollout Meeting #3 – Proposed FY 2024 Revenue Requirement and Charges
Friday, January 13, 2023, through Wednesday, January 18, 2023	Member Partner one-on-one meetings
Thursday, January 19, 2023 1:00 PM – 3:00 PM (Confirmed on 9.28.2022)	Charges Rollout Meeting #4 – Feedback on Service Charges and Review of Proposed FY 2024 Revenue Requirements
Friday, January 20, 2023 (Note: 30 days before is Monday, January 23, 2023)	Mail Notice to Member Partners of Public Hearing to be held on February 22, 2023 (minimum 30 days prior to Act 279 Public Hearing) (D)
Wednesday, January 25, 2023	GLWA Regular Board Meeting – Presentation: Proposed FY 2024 and 2025 Biennial Budget (Revenue Requirement) and Five-Year Financial Plan & Proposed FY 2024 Charges
Friday, January 27, 2023 Rescheduled to February 13, 2023	GLWA Audit Committee Meeting – Regular Special Meeting
Wednesday, February 1, 2023	DWSD – Current capital improvement plan due to GLWA (Water and Sewer Services Agreement 5.3d(i))
Friday, February 3, 2023	Publish notice of the hearing by publication in a newspaper of general circulation (B)
Wednesday, February 22, 2023	GLWA Board Meeting – Public Hearing FY 2024 & FY 2025 Biennial Budget (A, D) and Possible Adoption of FY 2024 & FY 2025 Biennial Budget

Date	Activity
Wednesday, February 22, 2023	GLWA Board Meeting – Public Hearing FY 2024 Schedule of Revenues and Charges (Act 279, minimum 120 days before effective date) (C) and Possible Adoption of FY 2024 Schedule of Revenues and Charges
Wednesday, February 22, 2023	GLWA Board Meeting – Proposed Approval of the FY 2024 & FY 2025 Biennial Budget (A)
Wednesday, February 22, 2023	GLWA Board Meeting – Proposed Approval of FY 2024–2028 Capital Improvement Plan
Wednesday, February 22, 2023	GLWA Board Meeting – Public Hearing & Proposed Approval of FY 2024 Schedule of Revenues and Charges (Act 279, minimum 120 days before effective date) (C)
Wednesday, March 1, 2023	Mail Notice to Member Partners of Approved Charges
Thursday, March 23, 2023	DWSD – Local system adopted biennial budget due to GLWA (Water and Sewer Services Agreement 5.3b)
Monday, May 1, 2023	DWSD – Local system provides direction to GLWA on how to apply lease payment (Water and Sewer Services Agreement 4.3)
Saturday, July 1, 2023	GLWA – Effective date of FY 2024 and FY 2025 Biennial Budget, FY 2024 Schedule of Charges, and FY 2024-2028 Capital Improvement Plan

(A) thru (D) - The above schedule is designed to meet applicable statutory and contractual requirements with excerpts shown below.

- A. **Uniform Budgeting and Accounting Act, Act 2 of 1968, Section 141.434**, “Before final passage of a general appropriations act by the legislative body, a public hearing shall be held as required by 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, and the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.” (For purposes of Public Act 2, the GLWA Board is the legislative body.)
- B. **Budget Hearings of Local Governments, Act 43 of 1963 (2nd Ex. Sess.), Section 141.412**, “The local unit shall give notice of the hearing by publication in a newspaper of general circulation within the local unit at least 6 days before the hearing.” (For purposes of Public Act 2, the GLWA Board is a local unit.)
- C. **Home Rule City Act, Act 279 of 1909, Section 117.5e**, “Municipal water or sewage system; annual audit; public hearing before proposed rate increase. A municipal water or sewage system established by a city incorporated under this act which serves more than 40% of the population of the state shall: (b) Hold at least 1 public hearing at least 120 days before a proposed rate increase is scheduled to take

effect. Each hearing shall be conducted in compliance with Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Notice of the time, date, and place of each hearing shall be given in the manner required by Act No. 267 of the Public Acts of 1976, shall be prominently printed in a daily newspaper of general circulation within the area, and shall be mailed to each city, village, or township served by the system not less than 30 days before each hearing. A final vote by the governing body of the city to implement a proposed rate increase shall not be taken until the hearings provided for in this subdivision are concluded and the results of those hearings are considered by the city's governing body." (Emphasis added)

It should be noted that the Home Rule City Act does not apply to GLWA. It is relevant to GLWA's planning cycle, however, as it is referenced in the *Wholesale Customer Model Water Contract* as noted below.

- D. **GLWA Wholesale Customer Model Water Contract Section 7.02** provides:
- "Notification of Rates. As soon as possible in the ratemaking process, the Board shall provide information on proposed rates and the draft data and information used in the calculation of proposed rates in a format that will enable Customer to assist in the ratemaking process. Not less than thirty calendar days prior to the hearing required by Act 279, the Board shall provide Customer with written notice of a proposed rate and the underlying data used to calculate the rate. The Board shall meet with Customer to review the rate and the data." (Emphasis added; Act 279 is the Home Rule City Act noted above.) As a result of the model contract language, the Public Hearing should be scheduled no later than March 3rd of each year.



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED BIENNIAL BUDGET
For the Two-Year Period ended June 30, 2025 (FY 2024 and FY 2025)**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on the proposed FY 2024 and FY 2025 biennial budget.

DATE: Wednesday, February 22, 2023

TIME: 2:00 p.m.

PLACE: In person, Zoom Videoconferencing, and Telephonic Hearing

Join Zoom Meeting

<https://glwater.zoom.us/j/81268098609?pwd=TUIrWWNsdkhPcXZzY2MrbWZGdzBLdz09>

Meeting ID: 812 6809 8609

Passcode: 076058

In Person (subject to capacity)

Board Room, 5th Floor

735 Randolph Street

Detroit, Michigan 48226

Telephonic

Public Call-In Number: 877 853 5247 US Toll-Free

or 888 788 0099 US Toll-Free

Meeting ID: 812 6809 8609

Passcode: 076058

The proposed biennial budget is scheduled to take effect on July 1, 2023.

The proposed biennial budget is available for public inspection online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed biennial budget may do so at the Public Hearing as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person but are encouraged to participate via the Zoom as indicated in this notice.



Individuals or groups wishing to make oral presentations are encouraged to participate by Zoom because at this time the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

The Public Hearing on the FY 2024 and FY 2025 biennial budget proposed by the Great Lakes Water Authority scheduled for February 22, 2023 at 2:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

By Zoom videoconferencing: Members of the public who wish to use Zoom videoconferencing to attend the meeting and/or offer public comment may utilize the following link to attend:

<https://glwater.zoom.us/j/81268098609?pwd=TUIrWWNsdkhPcXZzY2MrbWZGdzBLdz09>

During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

In Person (subject to capacity): Members of the public who, subject to capacity, wish to attend the meeting and/or offer public comment in person may attend the meeting in the Board Room, 5th Floor, 735 Randolph, Detroit, MI 48226.

By Telephone: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 21, 2023 and should reference "February 22, 2023 Public Hearing on proposed FY 2024 and FY 2025 biennial budget" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226



Written comments by U.S. mail should reference “February 22, 2023 Public Hearing on proposed FY 2024 and FY 2025 biennial budget” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.



**GREAT LAKES WATER AUTHORITY
NOTICE OF PUBLIC HEARING
PROPOSED FY 2024 WATER AND SEWERAGE SERVICE CHARGES**

Notice is hereby given that the Great Lakes Water Authority Board of Directors will hold a Public Hearing on Water and Sewerage service charges proposed by the Great Lakes Water Authority for Fiscal Year 2024.

DATE: Wednesday, February 22, 2023

TIME: 2:00 p.m.

PLACE: In person, Zoom Videoconferencing, and Telephonic Hearing

Join Zoom Meeting

<https://glwater.zoom.us/j/81268098609?pwd=TUIrWWNsdkhPcXZzY2MrbWZGdzBLdz09>

Meeting ID: 812 6809 8609

Passcode: 076058

In Person (subject to capacity)

Board Room, 5th Floor

735 Randolph Street

Detroit, Michigan 48226

Telephonic

Public Call-In Number: 877 853 5247 US Toll-Free
or 888 788 0099 US Toll-Free

Meeting ID: 812 6809 8609

Passcode: 076058

The proposed service charges are scheduled to take effect on July 1, 2023.

The proposed schedule of charges is available for public inspection online at <https://www.glwater.org/financials/>.

Individuals or groups wishing to make oral presentations or submit prepared statements pertaining to the proposed service charges may do so at the Public Hearing as outlined in this notice. Individuals or groups wishing to make oral presentations may appear in person but are encouraged to participate via the Zoom as indicated in this notice.



Individuals or groups wishing to make oral presentations are encouraged to participate by Zoom because at this time the State of Michigan, Department of Health and Human Services as well as other local health departments within the GLWA service area have declared emergencies related to the risk of infection associated with the COVID-19 pandemic.

Individuals or groups giving oral presentations are encouraged to also submit their presentations in writing. Oral presentations should be brief to allow all parties the opportunity to participate. A time limit will be imposed based upon registration at the hearing.

The Public Hearing on FY 2024 Water and Sewerage service charges proposed by the Great Lakes Water Authority scheduled for February 22, 2023 at 2:00 p.m. will be held in person, through Zoom videoconferencing, and by telephone through Zoom's telephonic capabilities.

Members of the public may offer comment in the following manners:

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<https://glwater.zoom.us/j/81268098609?pwd=TUIrWWNsdkhPcXZzY2MrbWZGdzBLdz09>

During the portions of the hearing designated for public participation may "raise their hand" by using that feature within the software program.

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By Telephone: Members of the public who wish to attend the meeting and/or offer public comment by telephone should call in at the number indicated above, press *9 on their keypad to "raise their hand for public comment." During other portions of the meeting, members of the public are asked to mute their line by pressing *6 on their keypad to mute or unmute their line.

By E-Mail: Members of the public may provide written comments to the Board by emailing those comments to CEO@glwater.org on or before 3:00 p.m. on Tuesday, February 21, 2023 and should reference "February 22, 2023 Public Hearing on service charges proposed for Fiscal Year 2024" in the subject line of the e-mail. The opportunity to submit written comments by e-mail may remain open throughout the duration of the Public Hearing.

By U.S. Mail: members of the public may provide written comments by United States mail addressed to:

Suzanne R. Coffey P.E., Chief Executive Officer
Great Lakes Water Authority
735 Randolph
Detroit, Michigan, 48226



Written comments by U.S. mail should reference “February 22, 2023 Public Hearing on service charges proposed for Fiscal Year 2024” in the letter. The opportunity to submit written comments by U.S. mail may remain open throughout the duration of the Public Hearing.

If a member of the public requires accommodation due to a disability, please contact CEO@glwater.org or (844) 455-GLWA (4592) not less than 72 hours prior to the date of the meeting.

Core Financial Plan Schedules

The Great Lakes Water Authority budget is presented for the two major funds, water and sewage disposal, utilizing five key schedules to depict the Core Financial Plan. The schedules present the Biennial Budget for FY 2024 and FY 2025 within the context of a five-year financial plan for FY 2024 through FY 2028.

GLWA's budget parameters are governed by what is known as the 4% Promise. This means that the annual budget, known as the revenue requirement, is limited to a 4% increase as required by the terms of the Memorandum of Understanding that established the regional authority for the first ten years of operations through FY 2025.

Please note: The overriding theme for this year's financial plan is addressing rapid cost increases that began in calendar year 2021 in addition to a declining economic environment. These conditions continue to drive increases in capital program delivery and borrowing costs in the future. GLWA's commitment to affordability is strong and one way that we strike the balance between system needs and affordability is through long-term financial planning and scenario building. This establishes a level of flexibility as conditions evolve.

Schedule 1 – Revenue requirement

This schedule summarizes the Authority's direct costs of operations and maintenance plus its "allocable" share of debt and other long-term liabilities. These amounts establish the basis for revenue requirement and customer charges.

The FY 2024 Percent Variance columns in Schedule 1 are based on a comparison to the original Adopted FY 2023 budget. The original budget is what is used to compute charges for the fiscal year. This is the framework from which compliance with the 4% revenue requirement commitment is derived.

Schedule 2 – Operations & Maintenance Expenses Budget

This schedule, and the related analysis, provide an overview of the operations & maintenance (O&M) expenses budget. Additional analysis of the O&M budgets is presented in the **Section 5 – Operating Financial Plans**.

Schedule 3 – Sources of Revenues and Use of Revenue requirement – Flow of Funds Basis Consistent with the Master Bond Ordinance

This schedule is most important for stakeholders that want to understand the Authority's financial plan as it relates to payment of outstanding debt, other long-term commitments, and compliance with lease terms and the Master Bond Ordinance (MBO). This schedule demonstrates alignment of the financial plan with the MBO flow of funds for the regional and local system combined.

Schedule 4 – Debt Service Coverage Calculations Consistent with the Master Bond Ordinance

Debt service coverage is a key measure of financial sustainability. This schedule demonstrates how debt service coverage is calculated and how the combined local and regional system revenues provide for payment of outstanding bond obligations.



Schedule 5 – Improvement & Extension Funds and Construction Funds

The GLWA has an Improvement & Extension Fund (I&E) and a Construction Fund for each system. Inflows to the I&E Fund represent revenues in excess of expenses. Building the I&E Fund over time is a key financial objective of GLWA to reducing reliance on revenue bonds. Inflows to the Construction Funds include proceeds from the sale of bonds and investment income on those funds. Inflows are also made to the Construction Funds from the I&E Funds when bond proceeds have been depleted. Outflows are for the costs of constructing capital assets.

Schedule 1 – Revenue requirement

Water: As shown in Schedule 1A, the proposed FY 2024 water revenue requirements of \$370.3 million represents a budget (annual revenue requirement) increase of 4.0% from the prior year. It should be noted that although the budget increase is 4%, due to offsetting other revenues and investment earnings, the system-wide charge revenue increase is 3.1%.

Schedule 1A – Water System Revenue Requirement Biennial Budget

	FY 2022 Actual	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 System Revenue Requirements									
Revenues									
Revenues from Charges	\$338,227,100	\$354,947,900	\$353,690,600	\$366,077,800	\$ 11,129,900	3.1%	\$377,752,600	\$ 11,674,800	3.2%
Other Revenues	775,400	175,000	175,000	175,000	-	0.0%	175,000	-	0.0%
Investment Earnings	1,945,800	948,700	7,901,200	4,061,700	3,113,000	328.1%	7,199,500	3,137,800	77.3%
Total Revenues	340,948,300	356,071,600	361,766,800	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$136,436,500	\$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	-	(6,048,000)	-100.0%	-	-	0.0%
Debt Service	136,039,800	150,337,100	150,171,200	159,482,800	9,145,700	6.1%	175,154,900	15,672,100	9.8%
General Retirement System Accelerated Pension	6,268,300	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	1,705,500	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	22,500,000	-	0.0%	22,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	-	0.0%	7,900,000	7,900,000	0.0%
Improvement & Extension Fund Transfer Pending	23,739,800	24,300,000	30,161,100	30,178,200	5,878,200	24.2%	10,662,700	(19,515,500)	-64.7%
Annual Water System Revenue Requirements	\$332,737,900	\$356,071,600	\$361,766,800	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%

The water system five-year plan (Schedule 1B) provides for an annual 6% increase in the revenue requirement after FY 2025. This forecasted increase is driven by the unprecedented level of cost escalation in chemicals, utilities, and capital program cost increases that largely began in calendar year 2021. The 4% Promise has limited the ability to smooth these impacts. That being said, adjustments are expected to be more moderate in years six through ten of the long-term forecast based on what we know today.



Schedule 1B – Water System Revenue requirement – Five-Year Financial Plan

	FY 2022 Actual	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
Water System Revenue Requirements								
Revenues								
Revenues from Charges	\$338,227,100	\$354,947,900	\$353,690,600	\$366,077,800	\$377,752,600	\$400,754,500	\$425,018,800	\$450,981,700
Other Revenues	775,400	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Investment Earnings	1,945,800	948,700	7,901,200	4,061,700	7,199,500	7,305,200	7,535,000	7,535,800
Total Revenues	340,948,300	356,071,600	361,766,800	370,314,500	\$385,127,100	\$408,234,700	\$432,728,800	\$458,692,500
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$136,436,500	\$144,847,700	\$144,847,700	\$152,906,400	\$162,810,600	\$165,333,900	\$169,332,400	\$172,565,100
General Retirement System Legacy Pension	6,048,000	6,048,000	6,048,000	-	-	-	-	-
Debt Service	136,039,800	150,337,100	150,171,200	159,482,800	175,154,900	181,958,400	198,392,100	205,545,400
General Retirement System Accelerated Pension	6,268,300	6,268,300	6,268,300	3,395,500	4,173,300	4,142,200	3,970,400	3,826,700
Water Residential Assistance Program Contribution	1,705,500	1,770,500	1,770,500	1,851,600	1,925,600	2,041,200	2,163,600	2,293,500
Regional System Lease	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000
Receiving Fund Working Capital Requirement	-	-	-	-	7,900,000	2,600,000	5,900,000	3,000,000
Improvement & Extension Fund Transfer Pending	23,739,800	24,300,000	30,161,100	30,178,200	10,662,700	29,659,000	30,470,300	48,961,800
Annual Water System Revenue Requirements	\$332,737,900	\$356,071,600	\$361,766,800	\$370,314,500	\$385,127,100	\$408,234,700	\$432,728,800	\$458,692,500
Annual Water System Charges Revenue								
Adjustment Percentage				3.1%	3.2%	6.1%	6.1%	6.1%
Annual Water System Revenue Requirements (Budget) Adjustment Percentage								
				4.0%	4.0%	6.0%	6.0%	6.0%

Sewer: The proposed FY 2024 sewer revenue requirements, as shown in Schedule 1C, of \$500.6 million represents a budget (annual revenue requirement) increase of 4.0% from the prior year. Similar to the water system, the system-wide charge revenue increase is 2.8% due to offsetting other revenues and investment earnings.

Schedule 1C – Sewer System Revenue Requirement Biennial Budget

	FY 2022 Actual	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
Sewer System Revenue Requirements									
Revenues									
Revenues from Charges	\$470,957,600	\$479,816,500	\$477,420,200	\$493,169,700	\$ 13,353,200	2.8%	\$510,633,800	\$ 17,464,100	3.5%
Other Revenues	817,400	400,000	400,000	400,000	-	0.0%	400,000	-	0.0%
Investment Earnings	1,842,500	1,155,600	10,915,000	7,057,300	5,901,700	510.7%	9,618,300	2,561,000	36.3%
Total Revenues	\$473,617,500	\$481,372,100	\$488,735,200	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$182,863,200	\$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	-	(10,824,000)	-100.0%	-	-	0.0%
Debt Service	206,490,100	205,638,100	210,621,400	228,328,300	22,690,200	11.0%	230,354,100	2,025,800	0.9%
General Retirement System Accelerated Pension	11,620,700	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	2,358,300	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	27,500,000	-	0.0%	27,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	-	0.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	23,424,000	39,342,500	30,952,400	30,172,600	(9,169,900)	-23.3%	35,745,500	5,572,900	18.5%
Annual Sewer System Revenue Requirements	\$465,080,300	\$481,372,100	\$488,735,200	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%

The sewer system five-year plan (Schedule 1D) provides for a 5% increase in the revenue requirement after FY 2025. This forecasted increase is driven by the unprecedented level of cost escalation in chemicals, utilities, and capital program cost increases that largely began in calendar year 2021. The 4% Promise has limited the ability to smooth these impacts. That being said, adjustments are expected to be more moderate in years six through ten of the long-term forecast based on what we know today.



Schedule 1D – Sewer System Revenue Requirement – Five-Year Financial Plan

	FY 2022 Actual	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
Sewer System Revenue Requirements								
Revenues								
Revenues from Charges	\$470,957,600	\$479,816,500	\$477,420,200	\$493,169,700	\$510,633,800	\$536,641,500	\$563,700,100	\$592,409,300
Other Revenues	817,400	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Investment Earnings	1,842,500	1,155,600	10,915,000	7,057,300	9,618,300	9,643,200	9,918,800	9,910,500
Total Revenues	\$473,617,500	\$481,372,100	\$488,735,200	\$500,627,000	\$520,652,100	\$546,684,700	\$574,018,900	\$602,719,800
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$182,863,200	\$184,052,600	\$194,822,500	\$205,643,700	\$216,220,400	\$221,259,100	\$224,959,900	\$229,613,100
General Retirement System Legacy Pension	10,824,000	10,824,000	10,824,000	-	-	-	-	-
Debt Service	206,490,100	205,638,100	210,621,400	228,328,300	230,354,100	231,207,000	251,630,500	258,843,800
General Retirement System Accelerated Pension	11,620,700	11,620,700	11,620,700	6,479,300	8,228,800	8,158,800	7,772,300	7,449,200
Water Residential Assistance Program Contribution	2,358,300	2,394,200	2,394,200	2,503,100	2,603,300	2,733,400	2,870,100	3,013,600
Regional System Lease	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000
Receiving Fund Working Capital Requirement	-	-	-	-	-	-	-	3,000,000
Improvement & Extension Fund Transfer Pending	23,424,000	39,342,500	30,952,400	30,172,600	35,745,500	55,826,400	59,286,100	73,300,100
Annual Sewer System Revenue Requirements	\$465,080,300	\$481,372,100	\$488,735,200	\$500,627,000	\$520,652,100	\$546,684,700	\$574,018,900	\$602,719,800
Annual Sewer System Charges Revenue Adjustment Percentage				2.8%	3.5%	5.1%	5.0%	5.1%
Annual Sewer System Revenue Requirements (Budget) Adjustment Percentage				4.0%	4.0%	5.0%	5.0%	5.0%

Combined: As shown in Schedule 1E, both systems combined meet the required 4% ceiling in total with an aggregate 2.9% increase in charges revenues system wide.

Schedule 1E – Combined Water and Sewer System Revenue Requirement Biennial Budget

Combined Water & Sewer System Revenue Requirements	FY 2022 Actual	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
Revenues									
Revenues from Charges	\$676,454,200	\$834,764,400	\$831,110,800	\$859,247,500	\$ 24,483,100	2.9%	\$888,386,400	\$ 29,138,900	3.4%
Other Revenues	1,592,800	575,000	575,000	575,000	-	0.0%	575,000	-	0.0%
Investment Earnings	3,788,300	2,104,300	18,816,200	11,119,000	9,014,700	428.4%	16,817,800	5,698,800	51.3%
Total Revenues	\$681,835,300	\$837,443,700	\$850,502,000	\$870,941,500	\$ 33,497,800	4.0%	\$905,779,200	\$ 34,837,700	4.0%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%
General Retirement System Legacy Pension	16,872,000	16,872,000	16,872,000	-	(16,872,000)	-100.0%	-	-	0.0%
Debt Service	342,529,900	355,975,200	360,792,600	387,811,100	31,835,900	8.9%	405,509,000	17,697,900	4.6%
General Retirement System Accelerated Pension	17,889,000	17,889,000	17,889,000	9,874,800	(8,014,200)	-44.8%	12,402,100	2,527,300	25.6%
Water Residential Assistance Program Contribution	4,063,800	4,164,700	4,164,700	4,354,700	190,000	4.6%	4,528,900	174,200	4.0%
Regional System Leases	50,000,000	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	-	0.0%	7,900,000	7,900,000	0.0%
Improvement & Extension Fund Transfer Pending	47,163,800	63,642,500	61,113,500	60,350,800	(3,291,700)	-5.2%	46,408,200	(13,942,600)	-23.1%
Annual Revenue Requirements	\$797,818,200	\$837,443,700	\$850,502,000	\$870,941,500	\$ 33,497,800	4.0%	\$905,779,200	\$ 34,837,700	4.0%

The combined system five-year plan (Schedule 1F) provides for an annual 5.4% increase in the revenue requirement after FY 2025. This forecasted increase is driven by the unprecedented level of cost escalation in chemicals, utilities, and capital program cost increases that largely began in calendar year 2021. The 4% Promise has limited the ability to smooth these impacts. That being said, adjustments are expected to be more moderate in years six through ten of the long-term forecast based on what we know today.



**Schedule 1F – Combined Water and Sewer System Revenue Requirement –
Five-Year Financial Plan**

Combined Water & Sewer System Revenue Requirements	FY 2022 Actual	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
Revenues								
Revenues from Charges	\$676,454,200	\$834,764,400	\$831,110,800	\$859,247,500	\$888,386,400	\$937,396,000	\$ 988,718,900	\$ 1,043,391,000
Other Revenues	1,592,800	575,000	575,000	575,000	575,000	575,000	575,000	575,000
Investment Earnings	3,788,300	2,104,300	18,816,200	11,119,000	16,817,800	16,948,400	17,453,800	17,446,300
Total Revenues	\$681,835,300	\$837,443,700	\$850,502,000	\$870,941,500	\$905,779,200	\$954,919,400	\$ 1,006,747,700	\$ 1,061,412,300
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$379,031,000	\$386,593,000	\$ 394,292,300	\$ 402,178,200
General Retirement System Legacy Pension	16,872,000	16,872,000	16,872,000	-	-	-	-	-
Debt Service	342,529,900	355,975,200	360,792,600	387,811,100	405,509,000	413,165,400	450,022,600	464,389,200
General Retirement System Accelerated Pension	17,889,000	17,889,000	17,889,000	9,874,800	12,402,100	12,301,000	11,742,700	11,275,900
Water Residential Assistance Program Contribution	4,063,800	4,164,700	4,164,700	4,354,700	4,528,900	4,774,600	5,033,700	5,307,100
Regional System Leases	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Receiving Fund Working Capital Requirement	-	-	-	-	7,900,000	2,600,000	5,900,000	6,000,000
Improvement & Extension Fund Transfer Pending	47,163,800	63,642,500	61,113,500	60,350,800	46,408,200	85,485,400	89,756,400	122,261,900
Annual Revenue Requirements	\$797,818,200	\$837,443,700	\$850,502,000	\$870,941,500	\$905,779,200	\$954,919,400	\$ 1,006,747,700	\$ 1,061,412,300
Annual System-wide Charges Revenue Adjustment Percentage				2.9%	3.4%	5.5%	5.5%	5.5%
Annual Revenue Requirements (Budget) Adjustment Percentage				4.0%	4.0%	5.4%	5.4%	5.4%

Schedule 2 – Operations & Maintenance Expense Budget

The following schedules in section 2 provide an overview of the operations & maintenance (O&M) expenses budget in three different ways: a) by expense type, b) by service area, and c) by fund. More in-depth analysis of the O&M budgets is presented on the Operating Area Financial Plans in **Section 5 – Operating Financial Plans** and **Section 6 – Supplemental Analysis**.

Operations and Maintenance Budget by Expense Type: Schedules 2A and 2B identify the major categories of expenses and the variance from the prior year for FY 2024 and FY 2025. A commentary of the major categories follows the table on the next page.



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

Operations & Maintenance Expense	FY 2022 Actual	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	\$ 63,900,800	\$ 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	844,000	1,801,900	1,801,900	1,391,500	(410,400)	-22.8%	1,508,800	117,300	0.0%
2.3 Overtime	8,113,300	6,882,600	6,983,700	7,383,000	500,400	7.3%	7,738,600	355,600	0.2%
2.4 Employee Benefits	24,205,500	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	9,989,700	7,603,700	11,119,300	9,128,700	1,525,000	20.1%	9,128,700	-	2.9%
Total Personnel Costs	107,053,300	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	43,755,000	39,966,000	42,114,000	42,820,200	2,854,200	7.1%	43,343,300	523,100	0.7%
3.2 Gas	8,664,700	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	2,567,700	2,268,400	2,268,400	2,563,100	294,700	13.0%	2,563,700	600	1.2%
3.4 Water Service	4,668,600	2,981,700	2,981,700	7,843,900	4,862,200	163.1%	7,845,900	2,000	1.9%
Total Utilities Costs	59,656,000	51,007,400	55,917,500	63,395,200	12,387,800	24.3%	64,099,400	704,200	1.1%
4.1 Chemicals	20,382,300	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	29,088,400	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	107,526,700	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	(2,631,900)	(4,376,200)	(4,376,200)	(4,232,700)	143,500	-3.3%	(4,651,400)	(418,700)	0.4%
5.2 Shared Services	(2,397,900)	(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	622,800	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	152,590,400	155,748,600	161,975,600	174,267,800	18,519,200	11.9%	182,352,800	8,085,000	4.6%
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

Schedule 2B – Operations & Maintenance Expense by Expense Type (Water and Sewer Combined) – Five-Year Financial Plan

Operations & Maintenance Expense	FY 2022 Actual	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
2.1 Salaries & Wages	\$ 63,900,800	\$ 75,768,800	\$ 72,925,200	\$ 74,765,400	\$ 82,681,200	\$ 82,864,600	\$ 82,864,600	\$ 82,864,600
2.2 Workforce Development	844,000	1,801,900	1,801,900	1,391,500	1,508,800	1,520,800	1,520,700	1,520,800
2.3 Overtime	8,113,300	6,882,600	6,983,700	7,383,000	7,738,600	7,744,200	7,744,200	7,744,200
2.4 Employee Benefits	24,205,500	30,087,300	28,947,000	28,218,500	31,521,500	31,841,200	32,102,100	32,362,800
2.5 Transition Services	9,989,700	7,603,700	11,119,300	9,128,700	9,128,700	9,128,700	9,128,700	9,128,700
Total Personnel Costs	107,053,300	122,144,300	121,777,100	120,887,100	132,578,800	133,099,500	133,360,300	133,621,100
3.1 Electric	43,755,000	39,966,000	42,114,000	42,820,200	43,343,300	43,876,900	44,420,100	44,971,700
3.2 Gas	8,664,700	5,791,300	8,553,400	10,168,000	10,346,500	10,529,400	10,166,300	9,818,700
3.3 Sewage Service	2,567,700	2,268,400	2,268,400	2,563,100	2,563,700	2,601,700	2,604,300	2,656,400
3.4 Water Service	4,668,600	2,981,700	2,981,700	7,843,900	7,845,900	8,002,900	8,006,900	8,167,500
Total Utilities Costs	59,656,000	51,007,400	55,917,500	63,395,200	64,099,400	65,010,900	65,197,600	65,614,300
4.1 Chemicals	20,382,300	16,118,600	23,781,600	30,451,800	30,714,100	30,974,700	31,110,100	31,210,000
4.2 Supplies & Other	29,088,400	32,097,300	32,097,300	31,371,200	32,733,100	33,168,900	33,850,800	33,021,900
4.3 Contractual Services	107,526,700	104,579,200	105,992,500	106,889,200	113,185,100	111,684,300	112,297,700	109,322,100
5.1 Capital Program Allocation	(2,631,900)	(4,376,200)	(4,376,200)	(4,232,700)	(4,651,400)	(4,792,900)	(4,800,500)	(4,808,300)
5.2 Shared Services	(2,397,900)	(2,925,000)	(1,500,900)	(1,655,800)	(1,680,000)	(1,706,100)	(1,731,300)	(1,757,800)
6.0 Capital Outlay	622,800	2,814,500	2,814,500	2,648,300	2,691,000	2,734,900	2,779,100	2,357,700
7.0 Unallocated Reserve	-	7,440,200	3,166,800	8,795,800	9,360,900	16,418,800	22,228,500	33,597,200
Total Other Categories	152,590,400	155,748,600	161,975,600	174,267,800	182,352,800	188,482,600	195,734,400	202,942,800
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$379,031,000	\$386,593,000	\$394,292,300	\$402,178,200
Operations & Maintenance Expense (Budget) Adjustment Percentage				9.0%	5.7%	2.0%	2.0%	2.0%

Personnel Costs are the single largest category of expenses. It includes traditional categories (salaries & wages, overtime, and benefits) in addition to two unique categories. The first is “Contractual Transition Services” which represents the use of contractual and/or temp to hire personnel that are placed in positions that would otherwise be filled by employees. While progress has been made in filling several positions, the tight labor market has presented a challenge in the recruitment process. The second category listed in the table is “Workforce Development”. In order to overcome the labor shortage, the GLWA partnered with Focus Hope and others to implement an apprenticeship program during the latter half of FY 2017. This program, having received positive feedback, has and will be continued in future years.

Utilities costs are the third largest expense and are a strategic target for optimization through energy management efforts and improved review of billings. See further analysis of utilities in **Section 6 – Supplemental Analysis (Utilities)**.

Contractual Services are the second largest expense. This is not unusual for a large utility like the GLWA. This is a broad category that spans all groups from engineering, legal, operations, planning, information technology, and finance.

Capital Program Allocation denotes a portion of O&M expenses that are properly allocable to capital program management overhead based on staff time and task tracking. These costs are capitalized as part of the construction project.

Shared Services accounts for recoverable O&M costs pursuant to a shared services agreement executed in December 2015 with the City of Detroit. Shared services largely fall in the Information Technology, Systems Operations Control, Security, and Treasury budgets. See further analysis of shared services in **Section 6 – Supplemental Analysis (Shared Services)**.

Capital Outlay (O&M) are for equipment and tools, over \$5,000, that are tagged and tracked for internal control purposes and are not capitalized as an asset. See further analysis of the Capital Outlay Plan in **Section 3 – Capital Program and Debt**.

Unallocated Reserve reflects a reserve for unforeseen operational needs which are reallocated to line items as needed. This eliminates the need for contingency funds within individual cost center line items and provides assurance to operators that sufficient funds exist if emergencies arise. Uses of the unallocated reserve in the past include emergency repairs, new initiatives, mid-fiscal year medical plan increases, revenue shortfalls, and items not known at the time of the budgeting process. The provision for wage adjustments, which are based on merit, can also be funded from this category.

Operations and Maintenance Budget by Service Area: Schedules 2C and 2D depict how similar cost centers are grouped and managed by the GLWA. There are four broad categories as listed and defined below.

- A) **Water System Operations** are the direct operational activities to ensure the delivery of quality water, operation of five water treatment plants, 19 pumping (booster) stations, engineering, laboratory services, and management of those activities.



- B) **Wastewater (Sewer) System Operations** include direct operational wastewater activities related to operations (process control, primary, secondary, dewatering, and incineration), biosolids dryer facility and hauling, engineering, industrial waste control, laboratory services, one water resource recovery facility, eight combined sewer overflow facilities (five CSO retention and treatment basins and three screening and disinfection facilities), six pumping (lift) stations, and management of those facilities. In addition, GLWA maintains one CSO and four pumping stations on behalf of DWSD pursuant to a shared service agreement.
- C) **Centralized Services** include operational functions that serve both Water and Wastewater (Sewer) Operations. This includes Planning Services (Chief Planning Officer, Systems Planning & Development, Systems Planning, Systems Analytics, Asset Management, and Capital Improvement Planning); Systems Operations Control (Systems Control); Facility and Fleet Operations; Field Service Operations; Energy, Research & Innovation; Transformation; Information Technology (Office of the Chief Information Officer, Project Management, Service Delivery, Infrastructure, Business Productivity Systems, Enterprise Asset Management Systems, and Security & Risk); and Security & Integrity which includes HazMat and Office of Emergency Preparedness.
- D) **Administrative Services** include the Board of Directors, Chief Executive Officer, Chief Administrative and Compliance Officer (Risk Management & Safety), General Counsel, Public Affairs, Organizational Development, and Financial Services (Chief Financial Officer, Financial Reporting & Accounting, Financial Management & Planning, CFO Services, Treasury, Procurement Director, and Logistics & Materials).

The Centralized and Administrative Services areas act as an internal shared service to better manage resources and technical expertise. A supplemental section of this financial plan document, **Section 6 – Supplemental Analysis (Centralized & Admin Services Allocation)**, explains the cost allocation methodology. A review of the cost allocation methodology is conducted annually.

Schedules 2C and 2D, below and on the next page, present the categorization of O&M expenses by the four major categories defined above.

Schedule 2C – Operations & Maintenance Biennial Budget by Service Area

Operating Area	FY 2022 Actual	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	\$ 74,380,300	\$ 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	119,645,600	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	91,882,800	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	33,391,000	34,681,700	34,681,700	35,982,500	1,300,800	3.8%	38,405,400	2,422,900	6.7%
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

Schedule 2D – Operations & Maintenance Five-Year Financial Plan by Service Area

Operating Area	FY 2022 Actual	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
A Water System Operations	\$ 74,380,300	\$ 76,518,200	\$ 76,518,200	\$ 82,732,800	\$ 84,452,000	\$ 86,162,000	\$ 87,788,200	\$ 89,543,300
B Sewer System Operations	119,645,600	113,197,500	123,967,400	132,934,300	138,990,100	141,730,300	144,629,400	147,522,700
C Centralized Services	91,882,800	104,502,900	104,502,900	106,900,500	117,183,500	119,527,200	121,917,700	124,356,100
D Administrative Services	33,391,000	34,681,700	34,681,700	35,982,500	38,405,400	39,173,500	39,957,000	40,756,100
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$379,031,000	\$386,593,000	\$394,292,300	\$402,178,200

Operations and Maintenance Budget by Fund: After the Centralized and Administrative Services are allocated to the water and sewage disposal operations funds, the result of the above costs being allocated is shown below in Schedules 2E and 2F. The O&M expense with the Centralized and Administrative Services allocation agrees with **Schedules 1A through 1F – Revenue Requirements Budget** which is the basis for O&M expenses reflected in customer charges.

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

System	FY 2022 Actual	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	\$136,436,500	\$144,847,700	\$144,847,700	\$152,906,400	\$ 8,058,700	5.6%	\$162,810,600	\$ 9,904,200	6.5%
Wastewater	182,863,200	184,052,600	194,822,500	205,643,700	21,591,100	11.7%	216,220,400	10,576,700	5.1%
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

Schedule 2F – Operations & Maintenance Expense by Fund with Centralized & Administrative Services Allocated – Five-Year Financial Plan

System	FY 2022 Actual	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
Water	\$136,436,500	\$144,847,700	\$144,847,700	\$152,906,400	\$162,810,600	\$165,333,900	\$169,332,400	\$172,565,100
Wastewater	182,863,200	184,052,600	194,822,500	205,643,700	216,220,400	221,259,100	224,959,900	229,613,100
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$379,031,000	\$386,593,000	\$394,292,300	\$402,178,200

Schedule 3 – Sources of Revenues and Uses of Revenues – Flow of Funds Consistent with the Master Bond Ordinance

While the prior schedules 1A through 1F provide the GLWA budget as a wholesale provider of service, Schedule 3 is provided to demonstrate compliance with the pledge of establishing sufficient regional and local system revenues to service financial commitments consistent with the Master Bond Ordinance (MBO) Flow of Funds. Noteworthy items include the following.

- ❖ The analysis validates that GLWA has a financial plan in place to ensure that revenues are sufficient to fund debt service.
- ❖ Schedule 3 is reconciled to Schedules 1A and 1C to demonstrate that all line items in the budget plan for the biennial budget approved for FY 2024 & FY 2025 (Schedules 1A through 1D) are in alignment with the financial plan.

- ❖ The local system revenue is shown net of its regional system commitments demonstrating the local system has sufficient revenues for local system operations as well as the local debt service and legacy commitments.
- ❖ The legacy pension commitment was a result of the City of Detroit’s Chapter 9 Plan of Adjustment approved in December 2014. At the time of the operational start-up of the GLWA, that liability was allocated between GLWA and DWSD based on an agreed upon allocation that was formalized on January 24, 2017. Monthly funding of the annual payment for that liability occurs through the flow of funds. Schedule 3 confirms that both GLWA and DWSD have sufficient revenue to address that commitment as payments come due. It should be noted that a fixed annual payment amount was established through FY 2023 with an anticipated minimal tail pension liability in 2024. All parties (City of Detroit, Detroit General Retirement System, DWSD, and GLWA) continue to evaluate the amount of the City of Detroit General Retirement System (GRS) liability past 2023. **Section 6 – Supplemental Analysis (Legacy Commitments*)** provides further information related to the pension system.
- ❖ The line item on Schedule 3 titled “Net Revenues Allocable to Regional System” quantifies GLWA’s efforts to improve financial stability, debt service coverage ratio, cash position, and flexibility to meet future capital needs without maximum reliance on debt.
- ❖ All other known commitments are planned to be funded in accordance with supporting calculations and analysis. To the extent that there are any variances, they will be addressed with a budget amendment.

*The Legacy Commitment chapter will be included in the final budget document.



Schedule 3 – Sources of Revenues and Uses of Revenues – Flow of Funds Consistent with the Master Bond Ordinance**

Flow of Funds Basis	FY 2024 Water Fund Requested	FY 2024 Sewer Fund Requested	FY 2024 Combined (Informational Only)	FY 2025 Water Fund Requested	FY 2025 Sewer Fund Requested	FY 2025 Combined (Informational Only)
Revenues						
Regional System Wholesale Revenues - Suburban Wholesale Customer	\$ 340,540,600	\$ 296,600,100	\$ 637,140,700	\$ 350,740,700	\$ 306,908,000	\$ 657,648,700
Regional System Wholesale Revenues - Detroit Customers	25,537,200	196,569,600	222,106,800	27,011,900	203,725,800	230,737,700
Total Regional System Wholesale Revenues	366,077,800	493,169,700	859,247,500	377,752,600	510,633,800	888,386,400
DWSD Local System Revenues - Detroit Customers	89,140,400	83,940,300	173,080,700	91,626,300	85,137,500	176,763,800
Miscellaneous Revenue (Local System)	4,210,000	8,500,000	12,710,000	4,336,300	8,755,000	13,091,300
Other Revenues & Investment Earnings (Regional System)	4,236,700	7,457,300	11,694,000	7,374,500	10,018,300	17,392,800
Total Revenues	\$ 463,664,900	\$ 593,067,300	\$ 1,056,732,200	\$ 481,089,700	\$ 614,544,600	\$ 1,095,634,300
Revenue Requirements						
Operations & Maintenance Expense						
Regional System Wholesale Expenses	\$ 152,906,400	\$ 205,643,700	\$ 358,550,100	\$ 162,810,600	\$ 216,220,400	\$ 379,031,000
Local System Expenses	44,756,000	55,655,400	100,411,400	46,593,300	57,934,500	104,527,800
GRS Pension allocable to Regional System	0	0	0	0	0	0
GRS Pension allocable to Local System	0	0	0	0	0	0
Total Operations & Maintenance Expense	197,662,400	261,299,100	458,961,500	209,403,900	274,154,900	483,558,800
<i>Net Revenues after Operations & Maintenance Expense</i>	<i>266,002,500</i>	<i>331,768,200</i>	<i>597,770,700</i>	<i>271,685,800</i>	<i>340,389,700</i>	<i>612,075,500</i>
Non-operating Activities						
Debt Service Allocable to Regional System	159,482,800	228,328,300	387,811,100	175,154,900	230,354,100	405,509,000
Debt Service Allocable to Local System	44,965,200	32,221,600	77,186,800	46,544,900	32,247,400	78,792,300
GRS Accelerated Pension from Regional System	3,395,500	6,479,300	9,874,800	4,173,300	8,228,800	12,402,100
GRS Accelerated Pension from Local System	2,398,200	1,710,200	4,108,400	2,947,400	2,172,300	5,119,700
WRAP Contribution from Regional System	1,851,600	2,503,100	4,354,700	1,925,600	2,603,300	4,528,900
WRAP Contribution from Local System	858,600	1,333,300	2,191,900	889,300	1,365,600	2,254,900
Receiving Fund Working Capital Requirement	-	-	-	7,900,000	-	7,900,000
Total Nonoperating Activities	212,951,900	272,575,800	485,527,700	239,535,400	276,971,500	516,506,900
<i>Net Revenues Available for Revenue Financed Capital</i>	<i>53,050,600</i>	<i>59,192,400</i>	<i>112,243,000</i>	<i>32,150,400</i>	<i>63,418,200</i>	<i>95,568,600</i>
Reserve for Revenue Financed Capital from Net Revenues						
Lease Payment to Local System I&E Account	22,500,000	27,500,000	50,000,000	21,487,700	27,500,000	48,987,700
Net Revenues Allocable to Local System	372,400	1,519,800	1,892,200	-	172,700	172,700
Net Revenues Allocable to Regional System	30,178,200	30,172,600	60,350,800	10,662,700	35,745,500	46,408,200
Total Reserve for Revenue Financed Capital Both Systems	53,050,600	59,192,400	112,243,000	32,150,400	63,418,200	95,568,600
Total Revenue Requirements	\$ 463,664,900	\$ 593,067,300	\$ 1,056,732,200	\$ 481,089,700	\$ 614,544,600	\$ 1,095,634,300

**Rows highlighted in light grey in the above table are designed to align with the DWSD Budget (DWSD data preliminary as of February 2, 2023).

Schedule 4 – Debt Service Coverage Calculations Consistent with the Master Bond Ordinance

The Master Bond Ordinance and Michigan PA 94 of 1933 (the Revenue Bond Act) established the Required Coverage levels. Debt service coverage is calculated as Net Revenues divided by the Maximum Annual Debt Service requirements.

Schedule 4 – Debt Service Coverage Calculations***

Debt Service Coverage Calculation	FY 2024	FY 2024	FY 2024 Combined (Informational Only)	FY 2025	FY 2025	FY 2025 Combined (Informational Only)
	Water Fund Requested	Sewer Fund Requested		Water Fund Requested	Sewer Fund Requested	
Revenues						
1 Regional System Wholesale Revenues	\$ 366,077,800	\$ 493,169,700	\$ 859,247,500	\$ 377,752,600	\$ 510,633,800	\$ 888,386,400
2 Local System Revenues	89,140,400	83,940,300	173,080,700	91,626,300	85,137,500	176,763,800
3 Miscellaneous Revenue (Local System)	4,210,000	8,500,000	12,710,000	4,336,300	8,755,000	13,091,300
4 Other Revenues & Investment Earnings (Regional System)	4,236,700	7,457,300	11,694,000	7,374,500	10,018,300	17,392,800
5 Total Revenues	\$ 463,664,900	\$ 593,067,300	\$ 1,056,732,200	\$ 481,089,700	\$ 614,544,600	\$ 1,095,634,300
Revenue Requirements						
Operations & Maintenance Expense						
6 Regional System Wholesale Expenses	\$ 152,906,400	\$ 205,643,700	\$ 358,550,100	\$ 162,810,600	\$ 216,220,400	\$ 379,031,000
7 Local System Expenses	44,756,000	55,655,400	100,411,400	46,593,300	57,934,500	104,527,800
8 GRS Pension allocable to Regional System	0	0	0	0	0	0
9 GRS Pension allocable to Local System	0	0	0	0	0	0
10 Total Operations & Maintenance Expense	197,662,400	261,299,100	458,961,500	209,403,900	274,154,900	483,558,800
11 Net Revenues after Operations & Maintenance Expense	\$ 266,002,500	\$ 331,768,200	\$ 597,770,700	\$ 271,685,800	\$ 340,389,700	\$ 612,075,500
Debt Service by Lien						
12 Senior Lien Bonds	\$ 136,224,100	\$ 155,429,200	\$ 291,653,300	\$ 150,810,500	\$ 163,496,800	\$ 314,307,300
13 Second Lien Bonds	51,754,500	53,273,500	105,028,000	51,930,500	53,590,200	105,520,700
14 SRF Junior Lien Bonds	16,469,500	51,847,200	68,316,700	18,958,700	45,514,400	64,473,100
15 Total Debt Service	\$ 204,448,100	\$ 260,549,900	\$ 464,998,000	\$ 221,699,700	\$ 262,601,400	\$ 484,301,100
Debt Service Coverage						
16 Senior Lien Bonds (11)/(12)	1.95	2.13		1.80	2.08	
17 Second Lien Bonds (11)/[(12)+(13)]	1.42	1.59		1.34	1.57	
18 SRF Junior Lien Bonds (11)/(15)	1.30	1.27		1.23	1.30	

***Rows highlighted in light grey in the above table are designed to align with the DWSD Budget (DWSD data preliminary as of February 2, 2023).

Schedule 5 – Improvement & Extension Funds and Construction Bond Funds

Improvement & Extension Funds: The tables on the following pages present the FY 2024 and FY 2025 biennial budgets and five-year financial plan for the separate Improvement & Extension (I&E) Funds for the water and sewer systems. See also **Section 3 – Capital Program and Debt****.

Inflows to the I&E Fund

- ❖ Transfers from the Revenue Receipts Fund in accordance with the Master Bond Ordinance and Financial Plan
- ❖ DWSD budget shortfall loan payments in accordance with a 2018 Memorandum of Understanding
- ❖ Interest earned on the I&E funds is returned to the flow of funds monthly as required by the Master Bond Ordinance.

Outflows from the I&E Fund

- ❖ Capital outlay funding (generally non-construction capital outlay such as machinery, equipment, vehicles, and systems)
- ❖ Transfers to the Construction Fund for capital improvement plan projects to reduce the need of new revenue bonds and/or flexibility in timing for new bonds.

**Section 3 chapters on the Capital Improvement Plan and Debt Management will be included in the final budget document



Schedule 5A – Water Improvement & Extension Fund

Water Improvement & Extension Fund Inflows & Outflows	FY 2022 Actual	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
Revenues								
Water System Transfers In from General Operating	\$ 23,739,800	\$ 24,300,000	\$ 30,161,100	\$ 30,178,200	\$ 10,662,700	\$ 29,659,000	\$ 30,470,300	\$ 48,961,800
Earnings on Investments (b)	1,336,000	-	2,126,400	1,694,800	2,147,200	1,992,400	1,985,200	1,805,600
Net Use of Reserves (a)	-	19,888,000	17,081,000	(10,926,100)	(5,747,200)	(866,100)	628,900	(1,490,900)
Total Revenues	\$ 25,075,800	\$ 44,188,000	\$ 49,368,500	\$ 20,946,900	\$ 7,062,700	\$ 30,785,300	\$ 33,084,400	\$ 49,276,500
Expenditures								
Investment Earnings Transfers Out (b)	\$ 1,879,200	\$ -	\$ 2,126,400	\$ 1,694,800	\$ 2,147,200	\$ 1,992,400	\$ 1,985,200	\$ 1,805,600
Capital Outlay	3,668,400	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	124,161,400	28,735,400	31,789,500	7,713,000	(4,778,900)	20,801,700	23,290,700	40,254,400
Total Expenditures	\$131,502,400	\$ 44,188,000	\$ 49,368,500	\$ 20,946,900	\$ 7,062,700	\$ 30,785,300	\$ 33,084,400	\$ 49,276,500
(a) Beginning Net Position (estimated)*			\$ 94,500,000	\$ 77,419,000	\$ 88,345,100	\$ 94,092,300	\$ 94,958,400	\$ 94,329,500
Net Use of Reserves			\$ (17,081,000)	\$ 10,926,100	\$ 5,747,200	\$ 866,100	\$ (628,900)	\$ 1,490,900
Projected Ending Net Position			\$ 77,419,000	\$ 88,345,100	\$ 94,092,300	\$ 94,958,400	\$ 94,329,500	\$ 95,820,400

(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 Requirements 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.

Schedule 5B – Sewer Improvement & Extension Fund

Sewer Improvement & Extension Fund Inflows & Outflows	FY 2022 Actual	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
Revenues								
Sewer System Transfers In from General Operating	\$ 23,424,000	\$ 39,342,500	\$ 30,952,400	\$ 30,172,600	\$ 35,745,500	\$ 55,826,400	\$ 59,286,100	\$ 73,300,100
Earnings on Investments (b)	855,200	-	2,492,300	2,133,000	2,432,500	2,449,700	2,554,500	1,371,900
Net Use of Reserves (a)	-	5,549,500	11,494,700	(15,202,100)	(14,330,100)	(7,126,300)	(4,718,900)	(3,455,800)
Total Revenues	\$ 32,720,700	\$ 44,892,000	\$ 44,939,400	\$ 17,103,500	\$ 23,847,900	\$ 51,149,800	\$ 57,121,700	\$ 71,216,200
Expenditures								
Investment Earnings Transfers Out (b)	\$ 876,500	\$ -	\$ 2,492,300	\$ 2,133,000	\$ 2,432,500	\$ 2,449,700	\$ 2,554,500	\$ 1,371,900
Capital Outlay	8,080,500	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	48,145,700	26,444,900	24,000,000	-	9,015,900	40,904,400	46,873,200	60,618,000
Total Expenditures	\$ 62,200,700	\$ 44,892,000	\$ 44,939,400	\$ 17,103,500	\$ 23,847,900	\$ 51,149,800	\$ 57,121,700	\$ 71,216,200
(a) Beginning Net Position (estimated)*			\$ 104,300,000	\$ 92,805,300	\$ 108,007,400	\$ 122,337,500	\$ 129,463,800	\$ 134,182,700
Net Use of Reserves			\$ (11,494,700)	\$ 15,202,100	\$ 14,330,100	\$ 7,126,300	\$ 4,718,900	\$ 3,455,800
Projected Ending Net Position			\$ 92,805,300	\$ 108,007,400	\$ 122,337,500	\$ 129,463,800	\$ 134,182,700	\$ 137,638,500

(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 Requirements 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.



Construction Funds: The tables below present the FY 2024 and FY 2025 biennial budgets and five-year financial plan for the separate Construction Funds for the water and sewage disposal systems. See also **Section 3 – Capital Program and Debt****.

Inflows to the Construction Fund

- ❖ Transfers from the Improvement & Extension Fund for capital improvement plan projects and reduction of new revenue bonds
- ❖ Issuance of new bonds
- ❖ Interest earned on investments

Outflows from the Construction Fund

- ❖ Capital Improvement Plan projects and other large capital initiatives authorized by the Chief Executive Officer
 - Capital Spend Rate Adjustment – The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA’s control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established.
 - The GLWA Capital Improvement Plan document is available [online](#)

Schedule 5C – Water Construction Fund

Water Construction Fund Inflows & Outflows	FY 2022 Actual	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
Revenues								
Transfers from Improvement & Extension Fund	\$124,161,400	\$ 28,735,400	\$ 31,789,500	\$ 7,713,000	\$ (4,778,900)	\$ 20,801,700	\$ 23,290,700	\$ 40,254,400
Bond Proceeds	-	-	225,000,000	-	332,500,000	-	299,250,000	-
Bond Fund Earnings on Investment	32,100	128,800	4,845,600	1,864,700	1,335,800	2,862,000	2,317,100	3,258,900
Grant Revenues (SRF Loans)	25,642,100	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	(118,712,100)	132,580,300	(172,864,900)	132,370,300	(163,044,800)	161,573,700
Total Revenues	\$149,835,600	\$155,501,000	\$ 225,790,000	\$ 239,260,000	\$ 200,422,000	\$ 176,034,000	\$ 165,813,000	\$ 205,087,000
Expenditures								
Capital Improvement Plan (b)	157,628,100	\$194,376,000	\$ 225,790,000	\$ 239,260,000	\$ 200,422,000	\$ 176,034,000	\$ 165,813,000	\$ 205,087,000
Capital Spend Rate Adjustment	-	(38,875,000)	-	-	-	-	-	-
Total Expenditures (b)	\$157,660,000	\$155,501,000	\$ 225,790,000	\$ 239,260,000	\$ 200,422,000	\$ 176,034,000	\$ 165,813,000	\$ 205,087,000
(a) Beginning Net Position (estimated)*			\$ 23,100,000	\$ 141,812,100	\$ 9,231,800	\$ 182,096,700	\$ 49,726,400	\$ 212,771,200
Net Use of Reserves			118,712,100	(132,580,300)	172,864,900	(132,370,300)	163,044,800	(161,573,700)
Projected Ending Net Position			\$ 141,812,100	\$ 9,231,800	\$ 182,096,700	\$ 49,726,400	\$ 212,771,200	\$ 51,197,500
(b) Plus Direct I&E Projects			-	-	-	-	-	-
Total CIP Expenditures		155,501,000	225,790,000	239,260,000	200,422,000	176,034,000	165,813,000	205,087,000
Total Published Capital Improvement Plan		194,376,000	225,790,000	239,260,000	200,422,000	176,034,000	165,813,000	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 from recently released audit report is \$4.6 million.

**Section 3 chapters on the Capital Improvement Plan and Debt Management will be included in the final budget document



Schedule 5D – Sewer Construction Fund

Sewer Construction Fund Inflows & Outflows	FY 2022 Actual	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
Revenues								
Transfers from Improvement & Extension Fund	\$ 48,145,700	\$ 26,444,900	\$ 24,000,000	\$ -	\$ 9,015,900	\$ 40,904,400	\$ 46,873,200	\$ 60,618,000
Bond Proceeds	-	-	225,000,000	-	280,250,000	-	308,750,000	-
Bond Fund Earnings on Investment	26,400	86,200	5,191,300	2,365,600	1,279,000	2,525,200	3,108,000	6,229,600
Grant Revenues (SRF Loans)	9,215,200	18,720,000	39,750,000	47,253,000	31,104,000	15,004,000	-	-
Net Use of Reserves (a)	-	49,197,900	(154,529,300)	149,442,400	(131,489,900)	100,610,400	(224,999,200)	49,332,400
Total Revenues	\$ 57,387,300	\$ 94,449,000	\$ 139,412,000	\$ 199,061,000	\$ 190,159,000	\$ 159,044,000	\$ 133,732,000	\$ 116,180,000
Expenditures								
Capital Improvement Plan (b)	65,148,500	\$125,932,000	\$ 139,412,000	\$ 199,061,000	\$ 190,159,000	\$ 159,044,000	\$ 133,732,000	\$ 116,180,000
Capital Spend Rate Adjustment	-	(31,483,000)	-	-	-	-	-	-
Total Expenditures (b)	\$ 65,175,000	\$ 94,449,000	\$ 139,412,000	\$ 199,061,000	\$ 190,159,000	\$ 159,044,000	\$ 133,732,000	\$ 116,180,000
<i>(a) Beginning Net Position (estimated)*</i>								
Net Use of Reserves			\$ 16,000,000	\$ 170,529,300	\$ 21,086,900	\$ 152,576,800	\$ 51,966,400	\$ 276,965,600
Projected Ending Net Position			154,529,300	(149,442,400)	131,489,900	(100,610,400)	224,999,200	(49,332,400)
			\$ 170,529,300	\$ 21,086,900	\$ 152,576,800	\$ 51,966,400	\$ 276,965,600	\$ 227,633,200
<i>(b) Plus Direct I&E Projects</i>								
Total CIP Expenditures		94,449,000	139,412,000	199,061,000	190,159,000	159,044,000	133,732,000	116,180,000
Total Published Capital Improvement Plan		125,932,000	139,412,000	199,061,000	190,159,000	159,044,000	133,732,000	116,180,000
Capital Spending Ratio		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.

Capital Program Overview

The Great Lakes Water Authority assures effective operational flexibility, while controlling spending and optimizing the cost of capital. This is accomplished by utilizing five categories in GLWA’s Capital Financial Plan for funding both “Capital Outlay” and the “Capital Improvement Plan” (CIP) which are listed below.

Category	Capital Outlay - Over \$5,000 (Not Capitalized)	Capital Outlay - Direct Purchase Over \$5,000 (Capitalized)	Capital Outlay - Projects and Program (Capitalized)	Non-CIP Spending/Misc (Not Capitalized)	Capital Improvement Plan (Capital Spending) I&E	Capital Improvement Plan Construction
Fund Name	Operations & Maintenance	Improvement & Extension Fund	Improvement & Extension Fund	Improvement & Extension Fund	Improvement & Extension Fund	Construction Fund
Fund Number	5910 - Water 5960 - Sewer	5506 - Water 5404 - Sewer	5506 - Water 5404 - Sewer	5506 - Water 5404 - Sewer	5506 - Water 5404 - Sewer	5519 - Water 5421 - Sewer
Account Number	901060	901100	901100	See FP&A team	See CA&FR Team	See CA&FR Team
Rationale	Controllable asset, tagged and tracked for internal control purposes. Shorter lived assets such as computer software and hardware.	Items that cause variability in the annual financial plan that do not meet the criteria for CIP	Items that cause variability in the annual financial plan that do not meet the criteria for GLWA criteria bond funding	Items that do not meet the qualifications of capitalization	Condition assessments associated with a specific CIP project or program; Expenditures associated with a specific asset ineligible for bond funding; CIP assets that have less than 20 year life or for immediate expenditure	Engineering, design, and study services associated with a specific constructed asset in the CIP; Constructed assets eligible for bond funding
Frequency	Recurring in nature	Unique, nonrecurring purchases, and/or large dollar assets on a replacement program	Unique, nonrecurring purchases, and/or large dollar assets on a replacement program	Unique, nonrecurring purchases, and/or large dollar expenditures on a replacement program for the betterment of the system	Project specific	Project specific
Life	Greater than One Year	Greater than One Year	Greater than One Year	Greater than One Year	Less than 20 Years or current year expenditure	Greater than 20 Years
Examples	IT Equipment & Software that does not meet the Capitalization Policy threshold	Vehicles, large equipment, pumps, motors, and security equipment; no or low relative amount of installation costs	Infrastructure, plant, and facility upgrade/buildouts, rehabilitation, and/or replacement	Ovation upgrades, studies that will not be capitalized,	Security enhancements (cameras, fencing, gates & small dollar items by various locations), condition assessments not resulting in near term constructable design	Infrastructure, plant, and facility upgrade, rehabilitation, and/or replacement
Justification	Internal review panel, prioritization	Internal review panel, prioritization, replacement validation with asset records and other current market information	Internal review panel, prioritization, replacement validation with asset records and other current market information	Internal review panel, prioritization	Business Case Evaluation; Internal Review Panel; Member Outreach; GLWA Board Committee	Business Case Evaluation; Internal Review Panel; Member Outreach; GLWA Board Committee

Items identified as “Capital Outlay” are assets or programs acquired for the betterment of the system and are both above the dollar threshold for capitalizing on the financial statements (i.e. over \$5,000), and are assets that should be tagged and tracked for internal control purposes. In both instances, these assets have an estimated useful life of greater than one year.

Capital Outlay includes vehicles, shop, lab, plant and field equipment, office furniture and equipment, as well as software and hardware. Generally capital outlay items have a life of less than 20 years. Capital Outlay items are not included in the “Capital Improvement Plan” (CIP). The CIP focuses on longer lived constructed assets with a useful life greater than 20 years, although some of the CIP expenditures do have lives less than 20 years.

Capital Outlay

The tables in this section present an entity-wide view of GLWA’s capital outlay. Some capital outlay costs are shared between the water and wastewater systems. Examples of this include centralized services capital outlay such as facilities, fleet, and information technology.

Tables 1 and 2 – *Capital Outlay by System* depicts the capital outlay by water & wastewater systems. Each system budgets for specific types of expenditures as shown in Table 5 - *Total Capital Outlay by Asset Type* which support both systems.

Table 1 – *Capital Outlay by System (funded by both O&M and I&E) – Biennial Budget*

Operating System	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity As of 9.30.2022	FY 2024 Department Requested	FY 20234 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested
Water System	\$ 5,592,700	\$ 18,267,100	\$ 2,334,900	\$ 14,187,400	\$ (4,079,700)	-22.3%	\$ 12,385,400
Operations & Maintenance	622,800	2,814,500	106,100	2,648,300	(166,200)	-5.9%	2,691,000
Improvement & Extension	4,969,900	15,452,600	2,228,800	11,539,100	(3,913,500)	-25.3%	9,694,400
Wastewater System	12,550,100	18,447,100	1,820,400	14,970,500	(3,476,600)	-18.8%	12,399,500
Operations & Maintenance	-	-	12,800	-	-	0.0%	-
Improvement & Extension	12,550,100	18,447,100	1,807,600	14,970,500	(3,476,600)	-18.8%	12,399,500
Grand Total	\$ 18,142,800	\$ 36,714,200	\$ 4,155,300	\$ 29,157,900	\$ (7,556,300)	-20.6%	\$ 24,784,900

Table 2 – *Capital Outlay by System (funded by both O&M and I&E) – Five-Year Financial Plan*

Operating System	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Water System	\$ 5,592,700	\$ 18,267,100	\$ 14,187,400	\$ 12,385,400	\$ 10,726,100	\$ 10,587,600	\$ 9,574,200
Operations & Maintenance	622,800	2,814,500	2,648,300	2,691,000	2,734,900	2,779,100	2,357,700
Improvement & Extension	4,969,900	15,452,600	11,539,100	9,694,400	7,991,200	7,808,500	7,216,500
Wastewater System	12,550,100	18,447,100	14,970,500	12,399,500	7,795,700	7,694,000	9,226,300
Operations & Maintenance	-	-	-	-	-	-	-
Improvement & Extension	12,550,100	18,447,100	14,970,500	12,399,500	7,795,700	7,694,000	9,226,300
Grand Total	\$ 18,142,800	\$ 36,714,200	\$ 29,157,900	\$ 24,784,900	\$ 18,521,800	\$ 18,281,600	\$ 18,800,500

Since assets are replaced on a periodic basis, annual expenditures may not be consistent throughout the year. In addition, some capital outlay projects span several years that are beyond the five-year planning documents. Examples of these projects include the following.

- ❖ Instrumentation & control hardware and software for the water and wastewater systems. These projects are scheduled by facility and recur on a five to seven-year cycle as technologies and control capabilities advance. Thirty such upgrades are scheduled within the biennial budget with a total forecast of \$16.5 million.
- ❖ GLWA enterprise-wide software systems. The replacement of these systems is scheduled in the biennial budget with a total forecast cost of \$8.5 million.
- ❖ A program for the review and decommissioning of certain water mains is scheduled from FY 2023 through FY 2028 at an average annual budget of \$.9 million.

- ❖ As part of GLWA’s commitment to maintaining sustainable water and wastewater systems, programs are in place for the replacement and renewal of various processing equipment. These include pumps, valves, motors, pipes and other processing or treatment equipment. The average annual proposed budget of these programs is \$5.0 million.
- ❖ As part of GLWA ‘s commitment to maintaining a high level of service and safety to its team members, GLWA is actively replacing an aged fleet of service vehicles. These vehicles include heavy and light trucks, utility vehicles and vans. The proposed budget for these vehicles is approximately \$3.2 million annually.
- ❖ The design, rehabilitation, and installation of flow meters for the wastewater system is scheduled from FY 2021 through FY 2024 at an average annual cost of \$1.1 million.

Funding Sources

The Capital Outlay expenditures are proposed to be \$29.2 million for FY 2024, and \$24.8 million for FY 2025. As shown in Tables 3 and 4 – *Capital Outlay by Funding Source*, Capital Outlay is funded by two primary sources: Operations & Maintenance (O&M) and Improvement & Extension (I&E) funds.

- ❖ **Operations & Maintenance (O&M):** Capital outlay items funded by O&M funds are paid with current year revenues. The nature of these items is recurring so the impact on charges from year-to-year is not significant. The total capital outlay paid with O&M funds is included in Schedules 2A and 2B in Section 2 - Core Financial Plan Schedules.
- ❖ **Improvement & Extension (I&E):** The source of the I&E Funds are revenues from charges that have been transferred to the I&E fund. Funds are budgeted annually to be added to the I&E fund to reduce debt financing and are used for capital outlay and capital improvements. The nature of these items is not necessarily recurring each year. They are, instead, replaced on a longer-term cycle or unique to a three to five-year planning horizon. The total capital outlay paid with I&E funds is included in Schedules 5A and 5B in Section 2 - Core Financial Plan Schedules.

Table 3 – *Capital Outlay by Funding Source – Biennial Budget*

Funding Source	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity Thru 9.30.2022	FY 2024 Department Requested	FY 2023 Dollar Variance	FY 2023 Percent Variance	FY 2025 Department Requested
Operations & Maintenance	\$ 622,800	\$ 2,814,500	\$ 118,900	\$ 2,648,300	\$ (166,200)	-5.9%	\$ 2,691,000
Improvement & Extension	17,520,000	33,899,700	4,036,400	26,509,600	(7,390,100)	-21.8%	22,093,900
Grand Total	\$ 18,142,800	\$ 36,714,200	\$ 4,155,300	\$ 29,157,900	\$ (7,556,300)	-20.6%	\$ 24,784,900

Table 4 – *Capital Outlay by Funding Source - Five-Year Financial Plan*

Funding Source	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Operations & Maintenance	\$ 622,800	\$ 2,814,500	\$ 2,648,300	\$ 2,691,000	\$ 2,734,900	\$ 2,779,100	\$ 2,357,700
Improvement & Extension	17,520,000	33,899,700	26,509,600	22,093,900	15,786,900	15,502,500	16,442,800
Grand Total	\$ 18,142,800	\$ 36,714,200	\$ 29,157,900	\$ 24,784,900	\$ 18,521,800	\$ 18,281,600	\$ 18,800,500

Biennial Budget Request

The biennial budget reflects a change in FY 2024, decreasing \$7.6 million, or 20.6% as noted above. There are key factors that impact this change outside of the projects previously noted. These include the following.

- ❖ For the Operations and Maintenance fund - capital outlay for Information Technology was reduced by \$0.2 million. The continued implementation of a hybrid cloud environment will move certain applications from the on-premises data center to a secure cloud environment, \$0.4 million reduction; where the implementation of one of these applications, a cloud-based Enterprise Asset Management system will require additional notebooks and tablets for the operational team members, \$0.2 million increase.
- ❖ For the Improvement and Extension fund
 - Buildings and Structures decreased \$1.3 million as renovations to facilities are completed.
 - Leasehold improvements decreased \$0.5 million for the consolidation of some planned improvements in other projects.
 - Information Technology decreased \$1.4 million as the implementation of the Enterprise Asset Management (EAM) and Enterprise Resource Planning (ERP) systems move towards completion. Additionally, the Project Management Information System (PMIS) budget increased \$0.8 million, due to the rescheduling of this project from FY 2023 to FY 2024.
 - Machinery & Equipment decreased \$1.1million due to reduced scheduled replacement of pumps and motors at several facilities (\$0.5 million) and reduced scheduled replacement of treatment processing equipment (\$0.6 million).
 - Projects and Programs decreased \$2.7 million due to the implementation of a program for the review of decommissioning certain underground assets. This program is long-term and is part of the ten-year forecast.

Table 5 - Total Capital Outlay by Asset Type (funded by both O&M and I&E)

Asset Type	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Operations & Maintenance	\$ 2,814,500	\$ 2,648,300	\$ 2,691,000	\$ 2,734,900	\$ 2,779,100	\$ 2,357,700
Information Technology	2,814,500	2,648,300	2,691,000	2,734,900	2,779,100	2,357,700
Hardware	1,966,100	1,695,500	1,721,400	1,747,900	1,774,900	1,633,500
Software	848,400	952,800	969,600	987,000	1,004,200	724,200

Table 5 - Total Capital Outlay by Asset Type (funded by both O&M and I&E) (continued)

Asset Type	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Improvement & Extension	\$ 33,899,700	\$ 26,509,600	\$ 22,093,900	\$ 15,786,900	\$ 15,502,500	\$ 16,442,800
Building/Structures	1,637,800	368,100	373,500	379,000	384,600	377,100
Information Technology	8,580,500	7,155,500	3,655,500	1,155,500	155,500	155,500
Software	8,580,500	7,155,500	3,655,500	1,155,500	155,500	155,500
Leasehold Improvements	550,200	-	158,000	-	-	-
Machinery & Equipment	15,108,600	13,990,800	13,343,100	10,474,000	10,993,400	12,308,200
Computers & IT	172,000	110,000	365,500	18,000	22,000	2,110,000
Controls & Communication	5,994,500	6,267,500	5,074,800	2,340,500	2,682,500	1,881,400
Flow Measuring & Meters	890,000	1,092,100	1,009,200	996,400	1,011,700	1,615,000
Furniture & Fixtures	150,000	115,000	122,000	132,000	125,000	130,000
Heavy Equipment & Misc	515,000	120,000	197,000	180,000	215,000	447,000
Laboratory	392,400	263,200	297,400	391,700	443,400	223,200
Pipes, Gates & Valves	762,000	1,042,500	939,000	1,015,500	805,500	831,000
Process Equipment/Treatment	1,554,000	964,600	950,700	1,118,900	1,331,700	815,800
Pumps & Motors	4,608,700	3,988,600	4,367,500	4,252,000	4,257,100	4,234,800
Tools, Shop & Warehouse	70,000	27,300	20,000	29,000	99,500	20,000
Projects & Programs	4,500,000	1,850,000	1,450,000	450,000	450,000	450,000
Safety & Security	192,600	83,200	84,800	86,400	88,000	90,000
Access & Control	61,200	62,400	63,600	64,800	66,000	67,600
Safety Equipment	111,000	-	-	-	-	-
Surveillance	20,400	20,800	21,200	21,600	22,000	22,400
Site Improvements	23,000	-	-	-	-	-
Vehicles	3,307,000	3,062,000	3,029,000	3,242,000	3,431,000	3,062,000
Heavy Truck	650,000	740,000	1,070,000	1,650,000	1,350,000	1,350,000
Light Truck	1,090,000	730,000	770,000	690,000	450,000	450,000
Trailer & Towable Equipment	-	40,000	-	40,000	-	40,000
Utility Vehicle	367,000	352,000	469,000	382,000	1,151,000	742,000
Van	1,200,000	1,200,000	720,000	480,000	480,000	480,000
Grand Total	\$ 36,714,200	\$ 29,157,900	\$ 24,784,900	\$ 18,521,800	\$ 18,281,600	\$ 18,800,500

Table 6 - Total Capital Outlay by Team (funded by both I&E and O&M) (continued on the next page)

Team	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
881101 - Public Affairs	11,000	5,000	2,500	9,000	11,000	5,000
881201- Security	65,800	41,600	42,400	43,200	44,000	45,000
882111 - Water Engineering	5,500	5,500	5,500	5,500	5,500	5,500
882121 - Water Quality	51,000	18,000	30,000	17,500	19,000	51,000
882131 - Water Works Park	373,800	389,000	466,000	633,000	840,000	618,000
882141 - Springwells Water Plant	1,276,000	814,000	475,000	860,000	825,000	450,000
882151 - Northeast Water Plant	958,000	463,000	728,000	480,000	825,000	383,000
882161 - Southwest Water Plant	169,000	265,000	302,000	250,000	271,000	336,000
882171 - Lake Huron Water Plant	205,000	623,000	553,000	453,000	328,000	683,000
882301 - Systems Operations Control	1,500,000	1,025,000	1,275,000	1,125,000	1,025,000	1,025,000
882322 - Eastside Pumping Station	-	100,000	100,000	100,000	100,000	100,000
882323 - Northwest Pumping Station	-	100,000	100,000	100,000	100,000	100,000
882330 - Adams Road Pumping Station	-	50,000	50,000	50,000	50,000	50,000
882331 - Newburgh Pumping Station	-	50,000	50,000	50,000	50,000	50,000
882336 - Schoolcraft Pumping Station	-	50,000	50,000	50,000	50,000	50,000
882338 - Imlay Pumping Station	-	300,000	300,000	300,000	300,000	300,000
882421 - Facility Operations	62,500	15,000	15,000	15,000	15,000	15,000
882422 - Fleet Operations	2,220,000	2,325,000	2,200,000	2,250,000	2,250,000	2,250,000
882431 - Field Service Operations	3,050,000	500,000	500,000	500,000	500,000	500,000
882501 - Energy, Research & Innovation	155,000	200,000	200,000	200,000	200,000	200,000
883201- Organizational Development	350,000	-	-	-	-	-
883321- Info Technology Service Desk	1,259,800	1,387,000	1,414,800	1,443,100	1,472,000	1,501,400
883331- Info Technology Infrastructure	1,218,900	1,531,200	1,339,800	848,600	857,500	400,000
883341- Info Technology Business Applications	2,000,000	2,000,000	500,000	-	-	-
883351- Info Technology Business Applications	3,021,000	1,905,700	1,661,500	917,800	423,700	429,900
883361- Info Technology Security & Risk	64,800	24,400	24,900	25,400	25,900	26,400
886601 - Capital Improvement Planning	250,000	-	-	-	-	-
891101 - Public Affairs	11,000	5,000	2,500	9,000	11,000	5,000
891201- Security	65,800	41,600	42,400	43,200	44,000	45,000
891202- HazMat	61,000	-	-	-	-	-
892201 - Wastewater Director	993,000	368,100	395,500	579,000	551,400	657,100
892211 - Wastewater Engineering	-	-	-	-	13,000	-
892221 - Wastewater Operations	-	-	-	-	1,454,000	-
892222 - Wastewater Process Control	5,205,000	5,626,500	4,090,800	1,616,300	490,000	2,100,000
892223 - Wastewater Primary Process	562,500	146,500	104,800	352,800	155,600	166,600
892224 - Wastewater Secondary Process	499,500	120,000	35,000	25,000	33,000	90,600
892225 - Wastewater Dewatering Process	273,000	272,400	276,800	277,700	127,600	93,500
892226 - Wastewater Incineration Process	178,500	24,000	356,100	140,000	83,000	26,000
892231 - Industrial Waste Control	48,000	-	27,500	7,000	26,000	-
892235 - Wastewater Laboratories	36,700	14,200	17,900	186,200	167,400	6,200
892271 - Puritan-Fenkell Combined Sewer Overflow	205,500	-	60,000	-	220,000	700,000
892272 - 7 Mile Combined Sewer Overflow	35,000	68,000	750,600	14,000	-	8,400



Table 6 - Total Capital Outlay by Team (funded by both I&E and O&M) (continued)

Team	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
892273 - Hubbell-Southfield Combined Sewer Overflow	287,000	400,800	138,800	189,700	595,700	593,600
892274 - Leib Combined Sewer Overflow	198,800	44,600	45,900	67,300	58,700	110,300
892275 - St. Aubin Combined Sewer Overflow	45,000	18,000	73,000	18,500	19,100	49,700
892276 - Conner Creek Combined Sewer Overflow	791,500	324,700	489,700	397,500	367,500	446,600
892277 - Baby Creek Combined Sewer Overflow	324,800	434,000	234,000	451,100	248,300	1,182,700
892278 - Oakwood Combined Sewer Overflow	113,000	-	19,000	-	85,000	-
892301 - Systems Operations Control	1,475,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
892345 - Conner Pumping Station	-	150,000	150,000	150,000	150,000	150,000
892349 - Freud Pumping Station	-	150,000	150,000	150,000	150,000	150,000
892351 - Oakwood Pumping Station	-	100,000	100,000	100,000	100,000	100,000
892421 - Facility Operations	62,500	15,000	15,000	15,000	15,000	15,000
892422 - Fleet Operations	780,000	675,000	800,000	730,000	750,000	750,000
892501 - Energy, Research & Innovation	75,000	-	-	-	-	-
893201 - Organizational Development	350,000	-	-	-	-	-
893331- Info Technology Infrastructure	500,000	700,000	500,000	-	-	-
893341 - Info Tech Business Productivity Systems	2,000,000	2,000,000	500,000	-	-	-
893351- Info Technology Business Applications	2,250,000	1,500,000	1,250,000	500,000	-	-
896401 - Systems Analytics	770,000	772,100	774,200	776,400	778,700	780,000
896601 - Capital Improvement Planning	250,000	-	-	-	-	-
Grand Total	\$ 36,714,200	\$ 29,157,900	\$ 24,784,900	\$ 18,521,800	\$ 18,281,600	\$ 18,800,500

The Budget and Five-Year Plan is the compilation of significant effort at the cost center level. This section provides additional information that has an entity-wide impact and are significant elements of the financial plan. The supplemental schedules and analysis include the following categories.

- ❖ Trend Analysis
- ❖ Personnel Costs (*see Draft 1-December 16, 2022*)
- ❖ Utilities (*see Draft 1-December 16, 2022*)
- ❖ Chemicals (*see Draft 1-December 16, 2022*)
- ❖ Shared Services
- ❖ Centralized & Administrative Services

Trend Analysis – Operations & Maintenance Expenses

This section of the budget analysis is designed to evaluate the proposed budget in relation to past trends as well as support future operating and financial decision making. The trend analysis springs from five years of audited actual data, plus the current fiscal year forecast, as well as the next two years of proposed budgets. This analysis touches on many of the same topics addressed in the other sections of the budget as listed below.

Section 5 – Operating Financial Plans -- Operating Financial Plans by Service Area

Section 6 – Supplemental Analysis - Personnel Costs, Utilities, Chemicals, Shared Services, and Centralized & Administrative Services Cost Allocation

Section 1 – Global Budget Operations & Maintenance Expense Budget Trends

Table 1 – Total Operations & Maintenance Expense – Five Year Actual Expense with Three Year Forecast /Proposed Expenses

Key Takeaway: There is no one size fits all explanation for GLWA’s overall increase in the budget categories over this eight-year time span. The annual expense categories, while significant, are also dynamic. Further analysis is required.

Total Operations & Maintenance Expense - GLWA in Total	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Sum of FY	
	Actual	Actual	Actual	Actual	Actual	Amended /Forecast	2024 Proposed	2025 Proposed
<i>Personnel Costs</i>	\$ 95.5	\$ 98.6	\$ 104.3	\$ 106.9	\$ 107.1	\$ 121.8	\$ 120.9	\$ 132.6
<i>Contractual Services</i>	100.5	101.9	106.4	92.0	107.5	106.0	106.9	113.2
<i>Utilities</i>	53.7	51.4	51.2	52.7	59.7	55.9	63.4	64.1
<i>Chemicals</i>	12.9	13.3	14.2	14.0	20.4	23.8	30.5	30.7
<i>Supplies & Small Capital</i>	35.0	37.1	35.4	31.2	29.7	34.9	34.0	35.4
<i>Budget Offsets</i>	(11.6)	(10.5)	(5.1)	(5.8)	(5.0)	(5.9)	(5.9)	(6.3)
<i>Unallocated Reserve</i>	-	-	-	-	-	3.2	8.8	9.4
Total	\$ 285.9	\$ 291.7	\$ 306.4	\$ 291.2	\$ 319.3	\$ 339.7	\$ 358.6	\$ 379.0

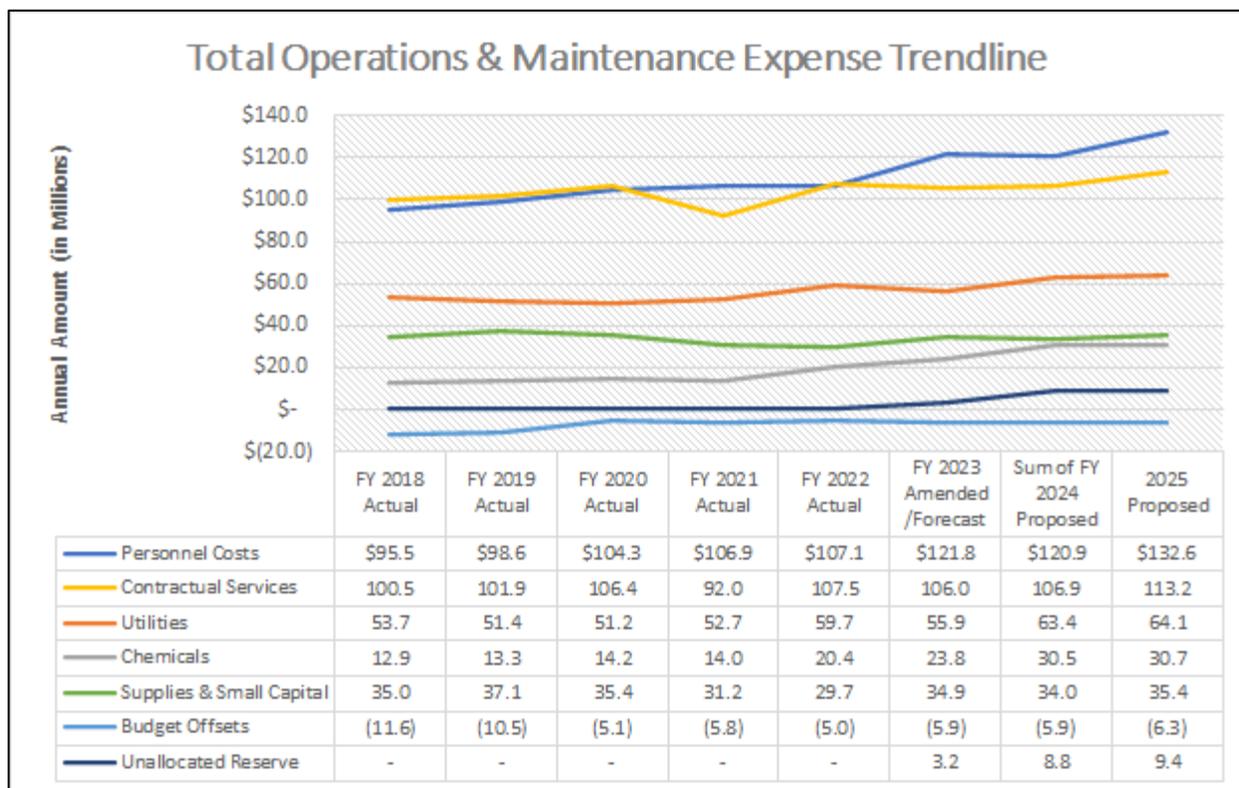
Table 2 – Total Operations & Maintenance Expense – FY 2018 Actual Compared with FY 2024 Proposed

*Key Takeaway: As a “Relative % of Total” Expense, FY 2024 Proposed is not much different from the FY 2018 Actual – most percentage variances are within 2%. When we look at the “Absolute Variance”, however, more significant budget shifts become evident across nearly every category. **The most notable variance over time is Chemicals expense with a \$17.6 million increase, or 136%, from FY 2018 to FY 2024.** The total “Absolute Variance” equates to a simple six-year average annual increase of 25% which is well above the total annual average of 4%.*

Total Operations & Maintenance Expense - GLWA in Total	Relative % of Total		Absolute Variance			
	FY 2018 Percent of Total	FY 2024 Percent of Total	FY 2018 to FY 2024		Six Year Average \$	Six Year Average %
			FY 2024 Increase / Decrease \$	Increase / Decrease %		
<i>Personnel Costs</i>	33%	34%	\$ 25.4	27%	4.2	4%
<i>Contractual Services</i>	35%	30%	6.4	6%	1.1	1%
<i>Utilities</i>	19%	18%	9.7	18%	1.6	3%
<i>Chemicals</i>	5%	8%	17.6	136%	2.9	23%
<i>Supplies & Small Capital</i>	0.1	0.1	(0.9)	-3%	(0.2)	0%
<i>Budget Offsets</i>	-4%	-2%	5.7	-49%	1.0	-8%
<i>Unallocated Reserve</i>	0%	2%	8.8		1.5	
Total	100%	101%	\$ 72.6	25%	\$ 12.1	4%

Chart 1 – Total Operations & Maintenance Expense – Five Year Actual Expense with Three Year Forecast /Proposed Expenses Trendline Chart

Key Takeaways: While expenses are increasing overall, the year-to-year fluctuations may increase or decrease. Contractual services vary based upon project-based initiatives while utilities and chemicals are impacted by weather patterns and related demands on the water and sewer systems. Increases in personnel costs are largely due to efforts to achieve the staffing plan which has suffered from delays in recruiting top talent as well as increases in compensation to retain team members based on market.



Section 2 - Next Level Deeper - Trend Analysis – By Function & Expense Type

Table 3 –Operations & Maintenance Expense by Function and Expense Type – FY 2018 Actual Compared with FY 2024 Proposed

Key Takeaway: Like the table above, as a “Relative % of Total” Expense, the FY 2024 Proposed is not much different from the FY 2018 Actual – most percentage variances are within 2%. When we look at the “Absolute Variance”, however, more significant budget shifts become evident across nearly every category.

For Water Operations, Chemicals Expense is the largest increase at \$6.6 million due to market cost increases, followed by Personnel at \$5.7 million, and Contractual Services (largely for regulatory required sludge hauling to maintain water quality) at \$5.2 million.



For Sewer Operations, Chemicals Expense is the largest increase at \$11.0 million due to market cost increases, followed by Utilities at \$8.3 million due to new water billings for WRRF operations as well as supplier cost increases, and Personnel Costs at \$4.4 million.

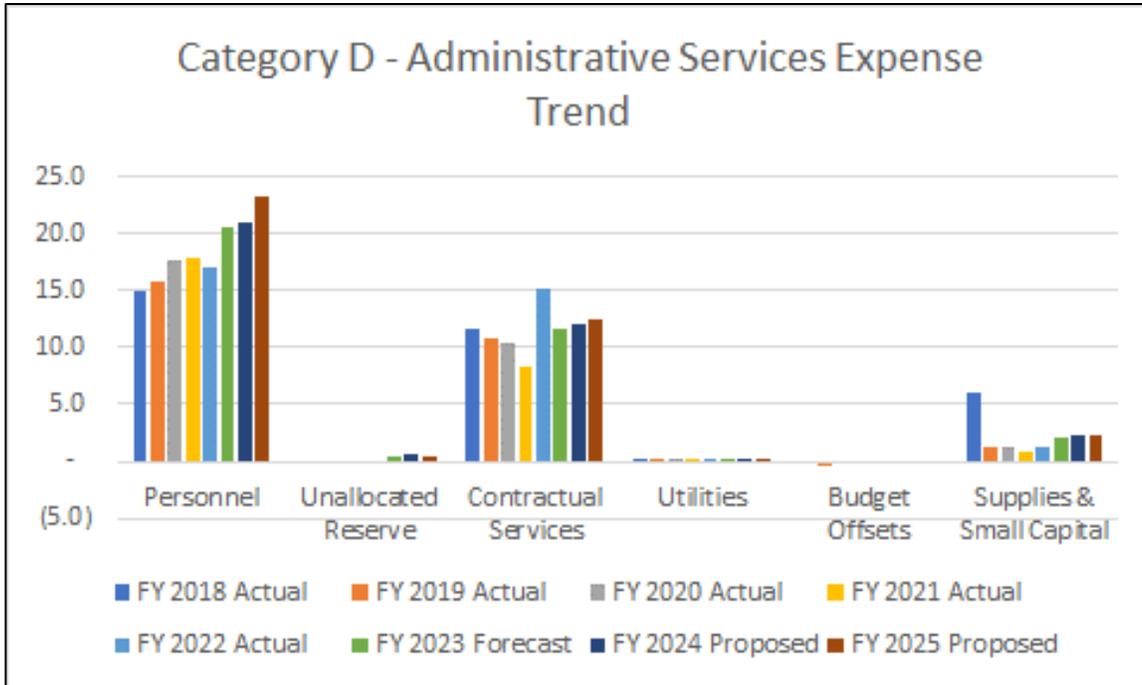
For Centralized Services, Personnel is the largest increase at \$9.2 million, Budget Offsets decreased \$8.6 million due to reduced shared services reimbursement activity largely for IT services, and Contractual Services increased \$4.0 million due to large-contracted initiatives such as Capital Program Management, IT initiatives, and others.

For Administrative Services, Personnel is the largest increase at \$6.0 million.

In all Functional Areas, efforts to achieve the staffing plan have been a challenge due to competition for talent. While medical plan costs have increased over time, that has not been a key driver in cost increases. In addition, GLWA utilizes a defined contribution pension plan. This type of plan supports accurate budgeting and predictability of costs.

Expense Type	Function	FY 2018 Actual	FY 2024 Proposed	Relative % of Total		Absolute Variance			
				FY 2018 Percent of Total	FY 2024 Percent of Total	FY 2018 to FY 2024 Increase / Decrease \$	FY 2018 to FY 2024 Increase / Decrease %	Six Year Average \$	Six Year Average %
Chemicals	Water	4.8	11.4	2%	3%	6.6	138%	1.1	23%
Personnel	Water	17.6	23.3	6%	6%	5.7	33%	1.0	5%
Contractual Services	Water	9.2	14.4	3%	4%	5.2	57%	0.9	9%
Unallocated Reserve	Water	-	3.3	0%	1%	3.3		0.6	0%
Utilities	Water	26.8	28.0	9%	8%	1.2	5%	0.2	1%
Supplies & Small Capital	Water	4.1	4.5	1%	1%	0.5	11%	0.1	2%
Budget Offsets	Water	(0.7)	(2.2)	0%	-1%	(1.5)	207%	(0.2)	34%
Chemicals	Sewer	8.1	19.0	3%	5%	11.0	136%	1.8	23%
Utilities	Sewer	26.7	35.0	9%	10%	8.3	31%	1.4	5%
Personnel	Sewer	35.4	39.7	12%	11%	4.4	12%	0.7	2%
Unallocated Reserve	Sewer	-	3.1	0%	1%	3.1		0.5	0%
Supplies & Small Capital	Sewer	13.1	13.7	5%	4%	0.6	5%	0.1	1%
Budget Offsets	Sewer	(1.3)	(2.5)	0%	-1%	(1.2)	97%	(0.2)	16%
Contractual Services	Sewer	28.1	24.9	10%	7%	(3.2)	-11%	(0.5)	-2%
Personnel	Centralized	27.6	36.8	10%	10%	9.2	33%	1.5	6%
Budget Offsets	Centralized	(9.6)	(1.0)	-3%	0%	8.6	-89%	1.4	-15%
Contractual Services	Centralized	51.7	55.6	18%	16%	4.0	8%	0.7	1%
Supplies & Small Capital	Centralized	11.8	13.6	4%	4%	1.8	15%	0.3	3%
Unallocated Reserve	Centralized	-	1.7	0%	0%	1.7		0.3	0%
Utilities	Centralized	0.1	0.2	0%	0%	0.0	12%	0.0	2%
Chemicals	Centralized	-	-	0%	0%	-		-	0%
Personnel	Administrative	15.0	21.0	5%	6%	6.0	40%	1.0	7%
Unallocated Reserve	Administrative	-	0.7	0%	0%	0.7		0.1	0%
Contractual Services	Administrative	11.5	12.0	4%	3%	0.5	4%	0.1	1%
Utilities	Administrative	0.0	0.2	0%	0%	0.2	860%	0.0	143%
Budget Offsets	Administrative	(0.0)	(0.2)	0%	0%	(0.1)	309%	(0.0)	52%
Supplies & Small Capital	Administrative	6.0	2.2	2%	1%	(3.8)	-63%	(0.6)	-10%
Total		285.9	358.6	100%	100%	72.6		12.1	

Chart 5 –Administrative Services Operations & Maintenance Expense – Five Year Actual Expense with Three Year Forecast /Proposed Expenses Trendline Chart



Shared Services

The GLWA and DWSD (Detroit Water and Sewerage Department) leverage economies of scale, assets, technology, and expertise by sharing services. The shared services agreement, dated December 1, 2015, is available at <https://www.glwater.org/investor-relations/>.

The shared services billing process began in FY 2016 and was new to both entities. To best facilitate the tracking of expenses for those agreements in which the GLWA provides services to DWSD (GLWA as Provider), the GLWA has designed its general ledger system to manage the budget and accumulate costs via a “contra” account in each cost center that matches the source of the expense (hence the contra amounts are shown as negative amounts). The net effect on the cost center expense is zero which preserves the basis for appropriate cost allocation. Amounts charged by DWSD, for services provided to the GLWA (GLWA as Subscriber), are recorded in a manner consistent with other vendor expenses.

The tables below provide an overall look of the shared services that are included in the details of the budgets by operating area in Section 5 – Operating Financial Plans.

Biennial Budget Request

The biennial budget for the GLWA as Provider agreements reflects an overall decrease in FY 2024 of \$1.3 million, or 43.4%. This decrease is due to changes in various agreements (primarily either a decrease in the scope or the termination of agreements). While the associated expense may recognize a slight decrease, the result is a net increase to the Operations & Maintenance expense as resources originally focused on tasks associated with the shared services agreements will be utilized to focus on other initiatives. The primary reasons for the change from the FY 2023 to the FY 2024 budget are highlighted below.

- ❖ Agreements with scope changes
 - The OPS-005 Security and Integrity (cost center 881201) agreement was terminated and OPS-005A was created with a revision to the services provided (\$89,800 decrease).
 - The services provided under ITS-014 Security Network (cost center 883331) were revised (\$18,400 decrease).
- ❖ Terminated Agreements
 - ITS-004A WAM (cost center 883351) – Decrease of \$408,100
 - ITS-008A TIBCO (cost center 883351) – Decrease of \$40,800
 - ITS-009A IT Infrastructure (cost center 883331) – Decrease of \$816,000
 - ITS-012 Oracle Database Licensing (cost center 883351) – Decrease of \$45,900
- ❖ OPS-008 Systems Control Center: Detroit Only Pump Stations/CSO (various cost centers) – overall increase of \$146,300, or 15.9%, due to increased maintenance at the various pumping stations.



Biennial Budget by Area - Shared Services - GLWA as Provider

Cost Center & Description	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 9.30.2022	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested
Wastewater System Operations	(771,400)	(448,600)	(112,100)	(585,500)	(136,900)	30.5%	(588,600)
892222 - Wastewater Process Control	(62,800)	(64,100)	(16,000)	(65,400)	(1,300)	2.0%	(66,700)
892270 - Combined Sewer Overflow	(19,700)	(20,100)	(5,000)	(20,500)	(400)	2.0%	(20,900)
892279 - Belle Isle Combined Sewer Overflow	(67,500)	(79,000)	(19,700)	(74,400)	4,600	-5.8%	(75,800)
892342 - Belle Isle Pumping Station	(98,700)	(48,700)	(12,200)	(68,700)	(20,000)	41.1%	(68,700)
892343 - Blue Hill Pumping Station	(336,200)	(155,200)	(38,800)	(225,200)	(70,000)	45.1%	(225,200)
892347 - Fischer Pumping Station	(27,800)	(12,800)	(3,200)	(22,600)	(9,800)	76.6%	(22,600)
892352 - Woodmere Pumping Station	(158,700)	(68,700)	(17,200)	(108,700)	(40,000)	58.2%	(108,700)
Centralized Services	(1,473,200)	(2,307,300)	(96,000)	(900,800)	1,406,500	-61.0%	(918,600)
881201 - Security and Integrity	56,800	(344,800)	(63,400)	(255,000)	89,800	-26.0%	(260,100)
882301 - Systems Operations Control	(446,600)	(455,500)	(113,800)	(464,600)	(9,100)	2.0%	(473,800)
882431 - Field Service Operations	(17,400)	(17,700)	(4,400)	(18,000)	(300)	1.7%	(18,300)
883321 - Information Technology Service Delivery	(150,000)	(153,000)	87,300	(156,100)	(3,100)	2.0%	(159,200)
883331 - Information Technology Infrastructure	(431,000)	(841,500)	(1,700)	(7,100)	834,400	-99.2%	(7,200)
883351 - Information Technology Enterprise Asset Management Systems	(485,000)	(494,800)	-	-	494,800	-100.0%	-
Administrative & Other Services	(153,300)	(169,100)	(41,400)	(169,500)	(400)	0.2%	(172,800)
884131 - Treasury	(134,600)	(150,000)	(36,600)	(150,000)	-	0.0%	(153,000)
884141 - CFO Services	(18,700)	(19,100)	(4,800)	(19,500)	(400)	2.1%	(19,800)
Grand Total	\$ (2,397,900)	\$ (2,925,000)	\$ (249,500)	\$ (1,655,800)	\$ 1,269,200	-43.4%	\$ (1,680,000)

The biennial budget for the GLWA as Subscriber agreements reflects an overall decrease in FY 2024 of \$151,800, or 5.2%. This decrease is due to the termination of two agreements (highlighted below) and results in a decrease to the Operations & Maintenance expense.

- ❖ DoIT-001 Financial Information System (cost center 883341) – Decrease of \$159,200
- ❖ DoIT-003 Customer Service Technology Suite (cost center 883351) – Decrease of \$46,700

Biennial Budget by Area - Shared Services - GLWA as Subscriber

Cost Center & Description	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 9.30.2022	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested
Centralized Services	\$ 2,746,000	\$ 2,912,000	\$ 676,500	\$ 2,760,200	\$ (151,800)	-5.2%	\$ 2,815,400
882421 - Facility Operations	2,392,900	2,440,800	610,200	2,489,600	48,800	2.0%	2,539,400
882431 - Field Service Operations	(4,900)	106,100	26,500	108,200	2,100	2.0%	110,400
883331 - Information Technology Infrastructure	156,100	159,200	39,800	162,400	3,200	2.0%	165,600
883341 - Information Technology Business Productivity Systems	156,100	159,200	-	-	(159,200)	-100.0%	-
883351 - Information Technology Enterprise Asset Management Systems	45,800	46,700	-	-	(46,700)	-100.0%	-
Grand Total	\$ 2,746,000	\$ 2,912,000	\$ 676,500	\$ 2,760,200	\$ (151,800)	-5.2%	\$ 2,815,400



Five-Year Financial Plan

Five-Year Financial Plan by Area - Shared Services - GLWA as Provider

Cost Center & Description	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Wastewater System Operations	(771,400)	(448,600)	(585,500)	(588,600)	(592,700)	(595,800)	(599,400)
892222 - Wastewater Process Control	(62,800)	(64,100)	(65,400)	(66,700)	(68,000)	(69,400)	(70,800)
892270 - Combined Sewer Overflow	(19,700)	(20,100)	(20,500)	(20,900)	(21,400)	(21,800)	(22,200)
892279 - Belle Isle Combined Sewer Overflow	(67,500)	(79,000)	(74,400)	(75,800)	(78,100)	(79,400)	(81,200)
892342 - Belle Isle Pumping Station	(98,700)	(48,700)	(68,700)	(68,700)	(68,700)	(68,700)	(68,700)
892343 - Blue Hill Pumping Station	(336,200)	(155,200)	(225,200)	(225,200)	(225,200)	(225,200)	(225,200)
892347 - Fischer Pumping Station	(27,800)	(12,800)	(22,600)	(22,600)	(22,600)	(22,600)	(22,600)
892352 - Woodmere Pumping Station	(158,700)	(68,700)	(108,700)	(108,700)	(108,700)	(108,700)	(108,700)
Centralized Services	(1,473,200)	(2,307,300)	(900,800)	(918,600)	(937,100)	(955,700)	(974,900)
881201 - Security and Integrity	56,800	(344,800)	(255,000)	(260,100)	(265,300)	(270,600)	(276,000)
882301 - Systems Operations Control	(446,600)	(455,500)	(464,600)	(473,800)	(483,300)	(493,000)	(502,900)
882431 - Field Service Operations	(17,400)	(17,700)	(18,000)	(18,300)	(18,800)	(19,100)	(19,600)
883321 - Information Technology Service Delivery	(150,000)	(153,000)	(156,100)	(159,200)	(162,400)	(165,600)	(168,900)
883331 - Information Technology Infrastructure	(431,000)	(841,500)	(7,100)	(7,200)	(7,300)	(7,400)	(7,500)
883351 - Information Technology Enterprise Asset Management Systems	(485,000)	(494,800)	-	-	-	-	-
Administrative & Other Services	(153,300)	(169,100)	(169,500)	(172,800)	(176,300)	(179,800)	(183,500)
884131 - Treasury	(134,600)	(150,000)	(150,000)	(153,000)	(156,100)	(159,200)	(162,400)
884141 - CFO Services	(18,700)	(19,100)	(19,500)	(19,800)	(20,200)	(20,600)	(21,100)
Grand Total	\$ (2,397,900)	\$ (2,925,000)	\$ (1,655,800)	\$ (1,680,000)	\$ (1,706,100)	\$ (1,731,300)	\$ (1,757,800)

Five-Year Financial Plan by Area - Shared Services - GLWA as Subscriber

Cost Center & Description	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Centralized Services	\$ 2,746,000	\$ 2,912,000	\$ 2,760,200	\$ 2,815,400	\$ 2,871,700	\$ 2,929,200	\$ 2,987,700
882421 - Facility Operations	2,392,900	2,440,800	2,489,600	2,539,400	2,590,200	2,642,000	2,694,800
882431 - Field Service Operations	(4,900)	106,100	108,200	110,400	112,600	114,900	117,200
883331 - Information Technology Infrastructure	156,100	159,200	162,400	165,600	168,900	172,300	175,700
883341 - Information Technology Business Productivity Systems	156,100	159,200	-	-	-	-	-
883351 - Information Technology Enterprise Asset Management Systems	45,800	46,700	-	-	-	-	-
Grand Total	\$ 2,746,000	\$ 2,912,000	\$ 2,760,200	\$ 2,815,400	\$ 2,871,700	\$ 2,929,200	\$ 2,987,700



Five-Year Financial Plan by Shared Services Number - GLWA as Provider & Subscriber

Both activities by the GLWA as service “provider” and services received by the GLWA as the service “subscriber” are shown in the table below.

Shared Services Number & Description	Cost Center - Description	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 9.30.2022	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Provider		\$ (2,397,900)	\$ (2,925,000)	\$ (249,500)	\$ (1,655,800)	\$ (1,680,000)	\$ (1,706,100)	\$ (1,731,300)	\$ (1,757,800)
ITS-004A WAM	883351 - Information Technology Enterprise Asset Management Systems	(400,000)	(408,100)	-	-	-	-	-	-
ITS-008A TIBCO	883351 - Information Technology Enterprise Asset Management Systems	(40,000)	(40,800)	-	-	-	-	-	-
ITS-009A IT Infrastructure	883331 - Information Technology Infrastructure	(406,000)	(816,000)	-	-	-	-	-	-
ITS-011 Print Shop	883321 - Information Technology Service Delivery	(150,000)	(153,000)	87,300	(156,100)	(159,200)	(162,400)	(165,600)	(168,900)
ITS-012 Oracle Database Licensing	883351 - Information Technology Enterprise Asset Management Systems	(45,000)	(45,900)	-	-	-	-	-	-
ITS-014 Security Network	883331 - Information Technology Infrastructure	(25,000)	(25,500)	(1,700)	(7,100)	(7,200)	(7,300)	(7,400)	(7,500)
DWSD - Bank Fees	884131 - Treasury	(134,600)	(150,000)	(36,600)	(150,000)	(153,000)	(156,100)	(159,200)	(162,400)
DWSD - Public Finance	884141 - CFO Services	(18,700)	(19,100)	(4,800)	(19,500)	(19,800)	(20,200)	(20,600)	(21,100)
OPS-005A Security and Integrity	881201 - Security and Integrity	56,800	(344,800)	(63,400)	(255,000)	(260,100)	(265,300)	(270,600)	(276,000)
OPS-008 Systems Control Center: Detroit Only Pump Stations/CSO	OPS-008 Total:	(1,235,400)	(921,800)	(230,300)	(1,068,100)	(1,080,700)	(1,094,800)	(1,107,900)	(1,121,900)
	882301 - Systems Operations Control	(446,600)	(455,500)	(113,800)	(464,600)	(473,800)	(483,300)	(493,000)	(502,900)
	882431 - Field Service Operations	(17,400)	(17,700)	(4,400)	(18,000)	(18,300)	(18,800)	(19,100)	(19,600)
	892222 - Wastewater Process Control	(62,800)	(64,100)	(16,000)	(65,400)	(66,700)	(68,000)	(69,400)	(70,800)
	892270 - Combined Sewer Overflow	(19,700)	(20,100)	(5,000)	(20,500)	(20,900)	(21,400)	(21,800)	(22,200)
	892279 - Belle Isle Combined Sewer Overflow	(67,500)	(79,000)	(19,700)	(74,400)	(75,800)	(78,100)	(79,400)	(81,200)
	892342 - Belle Isle Pumping Station	(98,700)	(48,700)	(12,200)	(68,700)	(68,700)	(68,700)	(68,700)	(68,700)
	892343 - Blue Hill Pumping Station	(336,200)	(155,200)	(38,800)	(225,200)	(225,200)	(225,200)	(225,200)	(225,200)
	892347 - Fischer Pumping Station	(27,800)	(12,800)	(3,200)	(22,600)	(22,600)	(22,600)	(22,600)	(22,600)
	892352 - Woodmere Pumping Station	(158,700)	(68,700)	(17,200)	(108,700)	(108,700)	(108,700)	(108,700)	(108,700)
Subscriber		\$ 2,746,000	\$ 2,912,000	\$ 676,500	\$ 2,760,200	\$ 2,815,400	\$ 2,871,700	\$ 2,929,200	\$ 2,987,700
DoIT-001 Financial Information System	883341 - Information Technology Business Productivity Systems	156,100	159,200	-	-	-	-	-	-
DoIT-002 Radios	883331 - Information Technology Infrastructure	156,100	159,200	39,800	162,400	165,600	168,900	172,300	175,700
DoIT-003 Customer Service Technology Suite	883351 - Information Technology Enterprise Asset Management Systems	45,800	46,700	-	-	-	-	-	-
OPS-002 MISS DIG	882431 - Field Service Operations	(108,900)	-	-	-	-	-	-	-
OPS-003 As Needed Field Services	882431 - Field Service Operations	104,000	106,100	26,500	108,200	110,400	112,600	114,900	117,200
OPS-006 Shared Facilities	882421 - Facility Operations	2,392,900	2,440,800	610,200	2,489,600	2,539,400	2,590,200	2,642,000	2,694,800
Grand Total		\$ 348,100	\$ (13,000)	\$ 427,000	\$ 1,104,400	\$ 1,135,400	\$ 1,165,600	\$ 1,197,900	\$ 1,229,900



Centralized and Administrative Services

Centralized and Administrative Services include operational functions that serve both water and wastewater operations. The following functional areas are included in this cost center group.

Centralized Services

- ✓ Planning Services (Office of the Chief Planning Officer, Systems Planning & Development, Asset Management, Systems Planning, Capital Improvement Planning, and Systems Analytics)
- ✓ Systems Control
- ✓ Facility Operations
- ✓ Fleet Operations
- ✓ Field Service Operations
- ✓ Energy, Research & Innovation
- ✓ Transformation
- ✓ Information Technology (Office of the Chief Information Officer, Project Management Office, Security & Risk, Infrastructure, Enterprise Asset Management Systems, Business Productivity Systems, and Service Delivery)
- ✓ Security & Integrity (includes HazMat and Office of Emergency Preparedness)

Administrative Services

- ✓ Board of Directors
- ✓ Chief Executive Officer
- ✓ Chief Administrative and Compliance Officer (includes Risk Management & Safety)
- ✓ General Counsel
- ✓ Public Affairs
- ✓ Organizational Development (includes Training and Talent Management)
- ✓ Financial Services (Chief Financial Officer, Financial Reporting & Accounting, Financial Management & Planning, CFO Services, Treasury, Procurement Director, and Logistics and Materials)

Cost Allocation for the functional areas above distributes operational expenses to GLWA's water and wastewater systems using a defined methodology. Cost allocation for both Centralized Services and Administrative Services are allocated based upon a two-step approach.

- ✓ Step One: Specifically, identifiable costs to either water or wastewater are isolated for allocation directly to the appropriate system. These costs are tracked at the vendor contract level and through the review of specific invoices.
- ✓ Step Two: The remaining costs, net of those specifically identified in Step One, are allocated using a percentage basis that considers department operations as a whole. The allocation percentage between water and wastewater (sewer) is reviewed annually. That effort includes a detailed review of both the budget and actual activity for each of the functional areas.



Members of the finance and operations teams work together to determine the percentage allocation of support provided to the water and wastewater (sewer) systems. In addition to the annual reviews, mid-year reviews are conducted when changes in operations occurs and when new vendor contracts are executed.

The tables below present the budgets for the Administrative and Centralized Services cost centers and their projected allocation to GLWA’s water and wastewater systems. Data is presented in biennial and five-year budget formats.

Tables 1 and 2 – Costs Allocated to Water and Wastewater (Summary) presents the dollar amount allocated to each system based on the analysis of expenses by cost center for both the biennial and five-year budget periods.

Table 1a – Biennial Cost Allocation Summary

System & Operating Area	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 09.30.2022	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested
Wastewater	\$ 63,217,600	\$ 70,855,100	\$ 14,307,600	\$ 72,709,400	\$ 1,854,300	2.6%	\$ 77,230,300
Administrative Services	18,754,500	17,616,200	3,649,200	18,363,100	746,900	4.2%	19,582,000
Centralized Services	44,463,100	53,238,900	10,658,400	54,346,300	1,107,400	2.1%	57,648,300
Water	62,056,200	68,329,500	17,933,300	70,173,600	1,844,100	2.7%	78,358,600
Administrative Services	14,636,500	17,065,500	3,430,600	17,619,400	553,900	3.2%	18,823,400
Centralized Services	47,419,700	51,264,000	14,502,700	52,554,200	1,290,200	2.5%	59,535,200
Grand Total	\$ 125,273,800	\$ 139,184,600	\$ 32,240,900	\$ 142,883,000	\$ 3,698,400	2.7%	\$ 155,588,900

Table 1b – Biennial Cost Allocation Summary

Operating Area	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 09.30.2022	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested
Administrative	33,391,000	34,681,700	7,079,800	35,982,500	1,300,800	3.8%	38,405,400
Centralized Services	91,882,800	104,502,900	25,161,100	106,900,500	2,397,600	2.3%	117,183,500
Grand Total	\$ 125,273,800	\$ 139,184,600	\$ 32,240,900	\$ 142,883,000	\$ 3,698,400	2.7%	\$ 155,588,900

Table 2a – Five Year Cost Allocation Summary

System & Operating Area	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Wastewater	\$ 63,217,600	\$ 70,855,100	\$ 72,709,400	\$ 77,230,300	\$ 79,528,800	\$ 80,330,500	\$ 82,090,400
Administrative Services	18,754,500	17,616,200	18,363,100	19,582,000	19,973,700	20,373,100	20,780,600
Centralized Services	44,463,100	53,238,900	54,346,300	57,648,300	59,555,100	59,957,400	61,309,800
Water	62,056,200	68,329,500	70,173,600	78,358,600	79,171,900	81,544,200	83,021,800
Administrative Services	14,636,500	17,065,500	17,619,400	18,823,400	19,199,800	19,583,900	19,975,500
Centralized Services	47,419,700	51,264,000	52,554,200	59,535,200	59,972,100	61,960,300	63,046,300
Grand Total	\$ 125,273,800	\$ 139,184,600	\$ 142,883,000	\$ 155,588,900	\$ 158,700,700	\$ 161,874,700	\$ 165,112,200



Table 2b – Five Year Cost Allocation Summary

Operating Area	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Administrative	33,391,000	34,681,700	35,982,500	38,405,400	39,173,500	39,957,000	40,756,100
Centralized Services	91,882,800	104,502,900	106,900,500	117,183,500	119,527,200	121,917,700	124,356,100
Grand Total	\$ 125,273,800	\$ 139,184,600	\$ 142,883,000	\$ 155,588,900	\$ 158,700,700	\$ 161,874,700	\$ 165,112,200

Tables 3 and 4 – Allocated costs by expense category summarizes the financial plan by expense category subject to allocation to the water and wastewater systems for both the biennial and five-year budget periods.

Table 3 – Biennial Costs Subject to Allocation by Expense Category

Operations & Maintenance Expense Categories	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 09.30.2022	FY 2024 Department Requested	FY 2024 Dollar Variance	FY 2024 Percent Variance	FY 2025 Department Requested
Centralized Services	\$ 91,882,800	\$ 104,502,900	\$ 25,161,100	\$ 106,900,500	\$ 2,397,600	2.3%	\$ 117,183,500
2.1 Salaries & Wages	20,341,100	23,514,600	5,390,800	23,924,200	409,600	1.7%	26,572,400
2.2 Workforce Development	311,700	426,700	111,400	404,600	(22,100)	-5.2%	472,100
2.3 Overtime	2,690,700	1,718,900	787,600	2,127,200	408,300	23.8%	2,139,700
2.4 Employee Benefits	7,606,200	9,063,800	1,978,000	8,882,800	(181,000)	-2.0%	9,936,200
2.5 Transition Services	1,353,700	1,826,700	207,700	1,469,200	(357,500)	-19.6%	1,469,200
3.1 Electric	137,600	147,000	25,400	152,300	5,300	3.6%	152,600
3.2 Gas	200	200	-	200	-	0.0%	200
3.3 Sewage Service	2,400	2,000	400	2,000	-	0.0%	2,000
3.4 Water Service	400	600	100	600	-	0.0%	600
4.2 Supplies & Other	8,565,200	10,812,600	2,017,200	10,935,300	122,700	1.1%	11,636,500
4.3 Contractual Services	51,841,700	55,179,200	14,648,900	55,641,200	462,000	0.8%	61,067,500
5.1 Capital Program Allocation	(117,700)	(296,600)	(16,500)	(108,800)	187,800	-63.3%	(108,900)
5.2 Shared Services	(1,473,200)	(2,307,300)	(96,000)	(900,800)	1,406,500	-61.0%	(918,600)
6.0 Capital Outlay	622,800	2,814,500	106,100	2,648,300	(166,200)	-5.9%	2,691,000
7.0 Unallocated Reserve	-	1,600,000	-	1,722,200	122,200	7.6%	2,071,000
Administrative Services	33,391,000	34,681,700	7,079,800	35,982,500	1,300,800	3.8%	38,405,400
2.1 Salaries & Wages	12,599,800	15,170,000	3,432,400	15,647,300	477,300	3.1%	17,341,700
2.2 Workforce Development	2,900	12,800	6,200	23,400	-	0.0%	23,400
2.3 Overtime	35,400	61,000	2,000	14,000	(47,000)	-77.0%	14,000
2.4 Employee Benefits	3,969,000	5,179,200	1,061,000	5,100,600	(78,600)	-1.5%	5,692,800
2.5 Transition Services	367,300	90,000	183,600	263,300	173,300	192.6%	263,300
3.1 Electric	87,600	36,000	23,500	100,000	64,000	177.8%	102,000
3.2 Gas	50,500	25,500	600	50,500	25,000	98.0%	51,500
3.3 Sewage Service	20,500	35,700	5,200	22,000	(13,700)	-38.4%	22,400
3.4 Water Service	1,800	5,100	300	30,000	24,900	488.2%	30,600
4.2 Supplies & Other	1,343,300	2,131,100	417,500	2,246,600	115,500	5.4%	2,234,100
4.3 Contractual Services	15,084,200	11,604,400	1,988,900	12,002,000	397,600	3.4%	12,452,800
5.1 Capital Program Allocation	(18,000)	-	-	-	-	0.0%	-
6.0 Capital Outlay	(153,300)	(169,100)	(41,400)	(169,500)	(400)	0.0%	(172,800)
7.0 Unallocated Reserve	-	500,000	-	652,300	152,300	30.5%	349,600
Grand Total	\$ 125,273,800	\$ 139,184,600	\$ 32,240,900	\$ 142,883,000	\$ 3,698,400	2.7%	\$ 155,588,900



Table 4 – Five Year Costs Subject to Allocation by Expense Category

Operations & Maintenance Expense Categories	FY 2022 Actual	FY 2023 Adopted Budget	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Centralized Services	\$ 91,882,800	\$ 104,502,900	\$ 106,900,500	\$ 117,183,500	\$ 119,527,200	\$ 121,917,700	\$ 124,356,100
2.1 Salaries & Wages	20,341,100	23,514,600	23,924,200	26,572,400	26,625,300	26,625,300	26,625,300
2.2 Workforce Development	311,700	426,700	404,600	472,100	472,100	472,100	472,100
2.3 Overtime	2,690,700	1,718,900	2,127,200	2,139,700	2,145,300	2,145,300	2,145,300
2.4 Employee Benefits	7,606,200	9,063,800	8,882,800	9,936,200	10,039,900	10,121,000	10,202,300
2.5 Transition Services	1,353,700	1,826,700	1,469,200	1,469,200	1,469,200	1,469,200	1,469,200
3.1 Electric	137,600	147,000	152,300	152,600	152,900	153,200	153,500
3.2 Gas	200	200	200	200	200	200	200
3.3 Sewage Service	2,400	2,000	2,000	2,000	2,000	2,000	2,000
3.4 Water Service	400	600	600	600	600	600	600
4.2 Supplies & Other	8,565,200	10,812,600	10,935,300	11,636,500	11,762,200	11,906,600	10,999,500
4.3 Contractual Services	51,841,700	55,179,200	55,641,200	61,067,500	59,280,000	59,352,000	56,375,900
5.1 Capital Program Allocation	(117,700)	(296,600)	(108,800)	(108,900)	(109,100)	(109,200)	(109,300)
5.2 Shared Services	(1,473,200)	(2,307,300)	(900,800)	(918,600)	(937,100)	(955,700)	(974,900)
6.0 Capital Outlay	622,800	2,814,500	2,648,300	2,691,000	2,734,900	2,779,100	2,357,700
7.0 Unallocated Reserve	-	1,600,000	1,722,200	2,071,000	5,888,800	7,956,000	14,636,700
Administrative Services	33,391,000	34,681,700	35,982,500	38,405,400	39,173,500	39,957,000	40,756,100
2.1 Salaries & Wages	12,599,800	15,170,000	15,647,300	17,341,700	17,341,700	17,341,700	17,341,700
2.2 Workforce Development	2,900	12,800	23,400	23,400	35,200	35,200	35,200
2.3 Overtime	35,400	61,000	14,000	14,000	14,000	14,000	14,000
2.4 Employee Benefits	3,969,000	5,179,200	5,100,600	5,692,800	5,735,800	5,778,600	5,821,300
2.5 Transition Services	367,300	90,000	263,300	263,300	263,300	263,300	263,300
3.1 Electric	87,600	36,000	100,000	102,000	104,000	106,100	108,300
3.2 Gas	50,500	25,500	50,500	51,500	52,500	53,600	54,700
3.3 Sewage Service	20,500	35,700	22,000	22,400	22,900	23,300	23,800
3.4 Water Service	1,800	5,100	30,000	30,600	31,200	31,800	32,500
4.2 Supplies & Other	1,343,300	2,131,100	2,246,600	2,234,100	2,278,600	2,323,500	2,418,200
4.3 Contractual Services	15,084,200	11,604,400	12,002,000	12,452,800	11,972,800	12,291,900	12,414,400
5.1 Capital Program Allocation	(18,000)	-	-	-	-	-	-
6.0 Capital Outlay	(153,300)	(169,100)	(169,500)	(172,800)	(176,300)	(179,800)	(183,500)
7.0 Unallocated Reserve	-	500,000	652,300	349,600	1,497,800	1,873,800	2,412,200
Grand Total	\$ 125,273,800	\$ 139,184,600	\$ 142,883,000	\$ 155,588,900	\$ 158,700,700	\$ 161,874,700	\$ 165,112,200



Table 5 Cost Allocation - Water and Wastewater Percentages presents the projected aggregate allocation percentages for the five-year period 2024 through 2028. The percentages are based off the data presented in tables 1 and 2 above and forecasted expenditures for periods 2024-2028.

Table 5 – Five Year Projected Cost Allocated Percentages

Expense Categories	FY 2022 Actual	FY 2023 Adopted Budget	FY 2023 Activity as of 09.30.2022	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Centralized Services	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water	51.6%	49.1%	57.6%	49.2%	50.8%	50.2%	50.8%	50.7%
Wastewater	48.4%	50.9%	42.4%	50.8%	49.2%	49.8%	49.2%	49.3%
Administrative Services	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water	43.8%	49.2%	48.5%	49.0%	49.0%	49.0%	49.0%	49.0%
Wastewater	56.2%	50.8%	51.5%	51.0%	51.0%	51.0%	51.0%	51.0%
Total Allocated Services	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Water	49.5%	49.1%	55.6%	49.1%	50.4%	49.9%	50.4%	50.3%
Wastewater	50.5%	50.9%	44.4%	50.9%	49.6%	50.1%	49.6%	49.7%

Tables 6 through 9 list the Administrative and Centralized Services contracts and cost centers that receive specific water and/or sewer accounting treatment as noted above.

Table 6 – Administrative Services Water/Sewer Specific Contracts – 100% allocation to Sewer

Cost Center	Contract	Vendor	Description of Service	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Logistics & Materials	2100822	Family Associates, LLC	Melvindale Warehouse Rental	561,800	573,000	584,500	596,200	608,100
Logistics & Materials	Multiple	N/A	Inspection & Permit Fees	2,000	2,000	2,100	2,100	2,200
Logistics & Materials	N/A	City of Melvindale	Property Taxes	180,000	183,600	187,300	191,000	194,800
Total				743,800	758,600	773,900	789,300	805,100

Table 7 – Centralized Services Water Specific Contracts – 100% allocation to Water

Cost Center	Contract	Vendor	Description of Service	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Systems Planning & Development	Pending	TBD	Water Master Plan Update	125,000	125,000	-	-	-
Systems Planning	Pending	TBD	Water Contract Negotiations	-	-	75,000	50,000	-
Systems Planning	12772	Aquasight	Water Performance Monitoring	400,000	450,000	500,000	500,000	500,000
Systems Planning	1905080	TWN Consulting HDR Water Resource Management	Project Management Services	25,000	30,000	30,000	30,000	30,000
Asset Management	1902659	Black & Veatch	Linear System Integrity Program	1,585,400	5,475,100	4,143,600	5,219,700	5,000,000
Systems Analytics	CS-039	Lakeshore Global	Units of Service D+ Region	318,300	327,800	337,700	347,800	358,200
Field Service Operations	CON-181	Hydromax	Water Transmission Main Repair	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000
Field Service Operations	WS-695C		Transmission Main Exercising	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total				6,753,700	10,707,900	9,386,300	10,447,500	10,188,200



Table 8 – Centralized Services Sewer Specific Contracts – 100% allocation to Sewer

Cost Center	Contract	Vendor	Description of Service	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Field Service Operations	CON-149	Inland Waters	Emergency Sewer Repair	4,518,400	4,518,400	4,518,400	4,518,400	4,518,400
Systems Planning & Development	Pending	TBD	Regional Flood Mitigation Study	300,000	600,000	600,000	-	-
Systems Planning	200092	Wade Trim Inc	Engineering Services	100,000	100,000	100,000	100,000	100,000
Asset Management	1902659	HDR Water Resource Management	Linear System Integrity Program	272,700	100,000	100,000	100,000	100,000
Systems Analytics	CON-179	PCI	Staffing Augmentation	1,051,400	1,051,400	1,051,400	1,051,400	1,051,400
Systems Analytics	CON-179	PCI	Sewer Meter Support	373,000	373,000	373,000	400,000	400,000
Systems Analytics	CS-236	Applied Science	Meter Dye Testing	527,000	527,000	527,000	527,000	527,000
Systems Analytics	CS-239	CDM Michigan	Good Sewer Metering	650,000	700,000	760,000	800,000	800,000
Systems Control	USGS River Survey	USGS	Detroit River Survey	273,000	273,000	273,000	273,000	273,000
Hazmat	Entire Cost Center	N/A	Hazardous Materials Management	1,723,800	1,852,500	1,940,800	1,949,000	1,956,100
Total				9,789,300	10,095,300	10,243,600	9,718,800	9,725,900

Table 9 – Centralized Services Water/Sewer Specific Contracts – allocated 55% Water/45% Sewer

Cost Center	Contract	Vendor	Description of Service	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested	FY 2027 Department Requested	FY 2028 Department Requested
Systems Control	Multiple	N/A	Water Transmission Control	12,434,200	12,743,300	12,742,900	12,742,500	12,741,800
Total				12,434,200	12,743,300	12,742,900	12,742,500	12,741,800

..Title

Resolution Adopting the FY 2024 & FY 2025 Biennial Budget

..Body

Agenda of: February 22, 2023

Item No.: **2023-054**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: February 22, 2023

RE: Resolution Adopting the FY 2024 & FY 2025 Biennial Budget

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA):

- 1) **Concludes the Public Hearing related to the FY 2024 and FY 2025 Biennial Budget held on February 22, 2023;**
- 2) **Pending public comment, adopts the attached resolution, 2023-054, adopting the FY 2024 and FY 2025 Biennial Budget for the GLWA;**
- 3) **Notes that the GLWA By-Laws Article X, Section 5, requires a super-majority affirmative vote of at least five (5) members of the Board is necessary for the approval of the operating budget; and**
- 4) **Authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.**

BACKGROUND

The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the Regional Water and Sewer systems on January 1, 2016 (the “Effective Date”) pursuant to the Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015. Section 5.6 of the Lease Agreements require the Authority to adopt a two-year budget for the Regional Water and Sewer Systems that sets forth budgeted revenues and expenses for each such Fiscal Year.

JUSTIFICATION

The Board has received a proposed Budget for FY 2024 and FY 2025 which was reviewed at Audit Committee meetings on December 16, 2022 and February 13, 2023; Board meetings of January 25, 2023 and February 22, 2023; and Member Partner meetings on January 12, 2023, as it relates to the proposed Schedule of Charges, and January 19, 2023.

BUDGET IMPACT

This action establishes a budget for FY 2024 and FY 2025.

COMMITTEE REVIEW

The GLWA Audit Committee reviewed the budget and supplemental analysis at the meetings noted above.

Great Lakes Water Authority

Resolution 2023-054

Resolution Adopting the Biennial FY 2024 & FY 2025 Budget

By Board Member: _____

WHEREAS The Great Lakes Water Authority (“GLWA” or the “Authority”) assumed the operation of the regional water and sewer systems on January 1, 2016 (the “Effective Date”) pursuant to Water System and Sewer System Lease Agreements between the GLWA and the City of Detroit dated June 12, 2015; and

WHEREAS In accordance with the by-laws of the GLWA, the Board shall adopt a two-year (Biennial) operating budget for the Regional Water and Sewer Systems; and

WHEREAS The Authority, through the terms of the Leases, committed to an annual increase in revenue requirement budget of no more than 4% though the fiscal year ending June 30, 2025; and

WHEREAS The GLWA Board is now adopting its eighth fiscal year budget demonstrating its ability to achieve that commitment with a Regional Water System annual revenue requirement budget increase of 4.0% which equates to an average 3.1% increase in revenues from Water Service Charges and a Regional Sewer System annual revenue requirements budget increase of 4.0% which equates to an average 2.8% increase in revenues from Sewer Service Charges; and

WHEREAS The budgeted expenses for each such Fiscal Year shall equal the sum of the projected expenses and revenue requirements for the Regional Water System and the Regional Sewer System for each such Fiscal Year; and

WHEREAS The budgeted annual revenue requirements for the Regional Water System for FY 2024 is \$370,314,500 and for FY 2025 is \$385,127,100 as shown on “Schedule 1A – Water System Revenue Requirements” of the budget document; and

- WHEREAS** The budgeted annual revenue requirements for the Regional Sewer System for FY 2024 is \$500,627,000 and for FY 2025 is \$520,652,100 as shown on “Schedule 1B – Sewer System Revenue Requirements” of the budget document; and
- WHEREAS** The operations and maintenance budget for the Regional Water System for FY 2024 is \$152,906,400 and for FY 2025 is \$162,810,600 as shown on “Schedule 1A – Water System Revenue Requirements” of the budget document; and
- WHEREAS** The operations and maintenance budget for the Regional Sewer System for FY 2024 is \$205,643,700 and for FY 2025 is \$216,220,400 as shown on “Schedule 1B – Sewer System Revenue Requirements” of the budget document; and
- WHEREAS** The amounts necessary to pay the principal of and interest on all Water System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$266,002,500 for FY 2024 and \$271,685,800 for FY 2025 as shown on “Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance” of the budget document; and
- WHEREAS** The amounts necessary to pay the principal of and interest on all Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance is \$331,768,200 for FY 2024 and \$340,389,700 for FY 2025 as shown on “Schedule 4 - Debt Service Coverage Calculations Consistent with the Master Bond Ordinance” of the budget document; and
- WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$11,539,100 in FY 2024 and \$9,694,400 in FY 2025 for capital outlay in accordance with the “Schedule 5A – Water Capital Financing Plan: Water Improvement and Extension Fund” budget; and
- WHEREAS** The amounts necessary to fund the annual water system capital expenditures of \$239,260,000 in FY 2024 and \$200,422,000 in FY 2025 for the capital improvement plan in accordance with the “Schedule 5A – Water Capital Financing Plan: Water Construction Fund” budget with those capital amounts reflecting an 100% Capital Spending Ratio applied to FY 2024 and FY 2025 as shown in the proposed FY 2024 through FY 2028 Capital Improvement Plan; and
- WHEREAS** The amounts necessary to fund the annual sewer system capital expenditures of \$14,970,500 in FY 2024 and \$12,399,500 in FY 2025 for the capital outlay in accordance with the “Schedule 5B – Sewer Capital Financing Plan: Sewer Improvement and Extension Fund” budget; and

WHEREAS The amounts necessary to fund the annual sewer system capital expenditures of \$199,061,000 in FY 2024 and \$190,159,000 in FY 2025 for the capital improvement plan in accordance with “Schedule 5B – Sewer Capital Financing Plan: Sewer Construction Fund” budget with those capital amounts reflecting a 100% Capital Spending Ratio applied to FY 2024 and FY 2025 as shown in the proposed FY 2024 through FY 2028 Capital Improvement Plan; and

WHEREAS The GLWA Audit Committee began review of the budget and five-year financial plan document developed for FY 2024 through FY 2028 at its meeting on December 16, 2022; with updates at its meeting on February 13, 2023; and

WHEREAS The GLWA Board conducted a public hearing on the proposed budget in accordance with the provisions of Public Act No. 43 of the Acts of the State Legislature of 1963 (“Budget Hearings of Local Governments”); and

WHEREAS A notice for the public hearing on the proposed budget scheduled for February 22, 2023 at 2:00 p.m. either in person or via a telephonic Zoom meeting was published in The Detroit Legal News announcing a public hearing on the budget in addition to posting the notice and proposed budget on glwater.org/financials; and

WHEREAS An affirmative vote of 5 Board Members is necessary for the adoption of this Resolution,

NOW THEREFORE BE IT:

RESOLVED That the GLWA Board conducted a public hearing on February 22, 2023 to receive public comment regarding the proposed budget for the Fiscal Years 2024 and 2025; and be it further

RESOLVED That the GLWA Board approves the budget for Fiscal Years 2024 and 2025; and be it finally

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this resolution.

Note: Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

Schedule 1A – Water System Revenue Requirements Biennial Budget

	Current Year		Biennial 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
Water System Revenue Requirements								
Revenues								
Revenues from Charges	\$354,947,900	\$353,690,600	\$366,077,800	\$ 11,129,900	3.1%	\$377,752,600	\$ 11,674,800	3.2%
Other Revenues	175,000	175,000	175,000	-	0.0%	175,000	-	0.0%
Investment Earnings	948,700	7,901,200	4,061,700	3,113,000	328.1%	7,199,500	3,137,800	77.3%
Total Revenues	356,071,600	361,766,800	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%
Revenue Requirements								
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	150,171,200	159,482,800	9,145,700	6.1%	175,154,900	15,672,100	9.8%
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%	7,900,000	7,900,000	0.0%
Improvement & Extension Fund Transfer Pending	24,300,000	30,161,100	30,178,200	5,878,200	24.2%	10,662,700	(19,515,500)	-64.7%
Annual Water System Revenue Requirements	\$356,071,600	\$361,766,800	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%

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Note: Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

Schedule 1B – Sewer System Revenue Requirements Biennial Budget

	Current Year		Biennial 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
Sewer System Revenue Requirements								
Revenues								
Revenues from Charges	\$479,816,500	\$477,420,200	\$493,169,700	\$ 13,353,200	2.8%	\$510,633,800	\$ 17,464,100	3.5%
Other Revenues	400,000	400,000	400,000	-	0.0%	400,000	-	0.0%
Investment Earnings	1,155,600	10,915,000	7,057,300	5,901,700	510.7%	9,618,300	2,561,000	36.3%
Total Revenues	\$481,372,100	\$488,735,200	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%
Revenue Requirements								
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	210,621,400	228,328,300	22,690,200	11.0%	230,354,100	2,025,800	0.9%
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	30,952,400	30,172,600	(9,169,900)	-23.3%	35,745,500	5,572,900	18.5%
Annual Sewer System Revenue Requirements	\$481,372,100	\$488,735,200	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%

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Schedule 1C – Combined Water and Sewer System Revenue Requirements Biennial Budget

	Current Year		Biennial 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
Combined Water & Sewer System Revenue Requirements								
Revenues								
Revenues from Charges	\$834,764,400	\$831,110,800	\$859,247,500	\$ 24,483,100	2.9%	\$888,386,400	\$ 29,138,900	3.4%
Other Revenues	575,000	575,000	575,000	-	0.0%	575,000	-	0.0%
Investment Earnings	2,104,300	18,816,200	11,119,000	9,014,700	428.4%	16,817,800	5,698,800	51.3%
Total Revenues	\$837,443,700	\$850,502,000	\$870,941,500	\$ 33,497,800	4.0%	\$905,779,200	\$ 34,837,700	4.0%
Revenue Requirements								
Operations & Maintenance (O&M) Expense	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%
General Retirement System Legacy Pension	16,872,000	16,872,000	-	(16,872,000)	-100.0%	-	-	0.0%
Debt Service	355,975,200	360,792,600	387,811,100	31,835,900	8.9%	405,509,000	17,697,900	4.6%
General Retirement System Accelerated Pension	17,889,000	17,889,000	9,874,800	(8,014,200)	-44.8%	12,402,100	2,527,300	25.6%
Water Residential Assistance Program Contribution	4,164,700	4,164,700	4,354,700	190,000	4.6%	4,528,900	174,200	4.0%
Regional System Leases	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	0.0%	7,900,000	7,900,000	0.0%
Improvement & Extension Fund Transfer Pending	63,642,500	61,113,500	60,350,800	(3,291,700)	-5.2%	46,408,200	(13,942,600)	-23.1%
Annual Revenue Requirements	\$837,443,700	\$850,502,000	\$870,941,500	\$ 33,497,800	4.0%	\$905,779,200	\$ 34,837,700	4.0%

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There is no Schedule 3 for purposes of the Budget Resolution.

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Note: Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

Schedule 4 – Debt Service Coverage Calculations Consistent with the Master Bond Ordinance

Debt Service Coverage Calculation	FY 2024	FY 2024	FY 2024 Combined (Informational Only)	FY 2025	FY 2025	FY 2025 Combined (Informational Only)
	Water Fund Requested	Sewer Fund Requested		Water Fund Requested	Sewer Fund Requested	
Revenues						
1 Regional System Wholesale Revenues	\$ 366,077,800	\$ 493,169,700	\$ 859,247,500	\$ 377,752,600	\$ 510,633,800	\$ 888,386,400
2 Local System Revenues	89,140,400	83,940,300	173,080,700	91,626,300	85,137,500	176,763,800
3 Miscellaneous Revenue (Local System)	4,210,000	8,500,000	12,710,000	4,336,300	8,755,000	13,091,300
4 Other Revenues & Investment Earnings (Regional System)	4,236,700	7,457,300	11,694,000	7,374,500	10,018,300	17,392,800
5 Total Revenues	\$ 463,664,900	\$ 593,067,300	\$ 1,056,732,200	\$ 481,089,700	\$ 614,544,600	\$ 1,095,634,300
Revenue Requirements						
Operations & Maintenance Expense						
6 Regional System Wholesale Expenses	\$ 152,906,400	\$ 205,643,700	\$ 358,550,100	\$ 162,810,600	\$ 216,220,400	\$ 379,031,000
7 Local System Expenses	44,756,000	55,655,400	100,411,400	46,593,300	57,934,500	104,527,800
8 GRS Pension allocable to Regional System	0	0	0	0	0	0
9 GRS Pension allocable to Local System	0	0	0	0	0	0
10 Total Operations & Maintenance Expense	197,662,400	261,299,100	458,961,500	209,403,900	274,154,900	483,558,800
11 Net Revenues after Operations & Maintenance Expense	\$ 266,002,500	\$ 331,768,200	\$ 597,770,700	\$ 271,685,800	\$ 340,389,700	\$ 612,075,500
Debt Service by Lien						
12 Senior Lien Bonds	\$ 136,224,100	\$ 155,429,200	\$ 291,653,300	\$ 150,810,500	\$ 163,496,800	\$ 314,307,300
13 Second Lien Bonds	51,754,500	53,273,500	105,028,000	51,930,500	53,590,200	105,520,700
14 SRF Junior Lien Bonds	16,469,500	51,847,200	68,316,700	18,958,700	45,514,400	64,473,100
15 Total Debt Service	\$ 204,448,100	\$ 260,549,900	\$ 464,998,000	\$ 221,699,700	\$ 262,601,400	\$ 484,301,100
Debt Service Coverage						
16 Senior Lien Bonds (11)/(12)	1.95	2.13		1.80	2.08	
17 Second Lien Bonds (11)/[(12)+(13)]	1.42	1.59		1.34	1.57	
18 SRF Junior Lien Bonds (11)/(15)	1.30	1.27		1.23	1.30	

**Rows highlighted in light grey in the above table are designed to align with the Local System information provided from Detroit Water & Sewerage Department (DWSD) as of February 2, 2023

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Note: Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

Schedule 5A – Water Capital Financing Plan

Water Improvement & Extension Fund

	Current Year		Biennial Budget	
	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested
Water Improvement & Extension Fund Inflows & Outflows				
Revenues				
Water System Transfers In from General Operating	\$ 24,300,000	\$ 30,161,100	\$ 30,178,200	\$ 10,662,700
Earnings on Investments	-	2,126,400	1,694,800	2,147,200
Net Use of Reserves	19,888,000	17,081,000	(10,926,100)	(5,747,200)
Total Revenues	\$ 44,188,000	\$ 49,368,500	\$ 20,946,900	\$ 7,062,700
Expenditures				
Investment Earnings Transfers Out	\$ -	\$ 2,126,400	\$ 1,694,800	\$ 2,147,200
Capital Outlay	15,452,600	15,452,600	11,539,100	9,694,400
Revenue Financed Capital - Transfer to Construction Fund	28,735,400	31,789,500	7,713,000	(4,778,900)
Total Expenditures	\$ 44,188,000	\$ 49,368,500	\$ 20,946,900	\$ 7,062,700

Water Construction Fund

	Current Year		Biennial Budget	
	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested
Water Construction Fund Inflows & Outflows				
Revenues				
Transfers from Improvement & Extension Fund	\$ 28,735,400	\$ 31,789,500	\$ 7,713,000	\$ (4,778,900)
Bond Proceeds	-	225,000,000	-	332,500,000
Bond Fund Earnings on Investment	128,800	4,845,600	1,864,700	1,335,800
Grant Revenues (SRF Loans)	54,992,000	82,867,000	97,102,000	44,230,000
Net Use of Reserves	71,644,800	(118,712,100)	132,580,300	(172,864,900)
Total Revenues	\$155,501,000	\$ 225,790,000	\$ 239,260,000	\$ 200,422,000
Expenditures				
Capital Improvement Plan	\$194,376,000	\$ 225,790,000	\$ 239,260,000	\$ 200,422,000
Capital Spend Rate Adjustment	(38,875,000)	-	-	-
Total Expenditures	\$155,501,000	\$ 225,790,000	\$ 239,260,000	\$ 200,422,000

Note: Amounts highlighted in yellow in the following tables are presented in the Biennial Budget Authorizing Resolution.

Schedule 5B – Sewer Capital Financing Plan

Sewer Improvement & Extension Fund

	Current Year		Biennial Budget	
	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested
Sewer Improvement & Extension Fund Inflows & Outflows				
Revenues				
Sewer System Transfers In from General Operating	\$ 39,342,500	\$ 30,952,400	\$ 30,172,600	\$ 35,745,500
Earnings on Investments	-	2,492,300	2,133,000	2,432,500
Net Use of Reserves	5,549,500	11,494,700	(15,202,100)	(14,330,100)
Total Revenues	\$ 44,892,000	\$ 44,939,400	\$ 17,103,500	\$ 23,847,900
Expenditures				
Investment Earnings Transfers Out	\$ -	\$ 2,492,300	\$ 2,133,000	\$ 2,432,500
Capital Outlay	18,447,100	18,447,100	14,970,500	12,399,500
Revenue Financed Capital - Transfer to Construction Fund	26,444,900	24,000,000	-	9,015,900
Total Expenditures	\$ 44,892,000	\$ 44,939,400	\$ 17,103,500	\$ 23,847,900

Sewer Construction Fund

	Current Year		Biennial Budget	
	FY 2023 Adopted Budget	FY 2023 Estimated Budget	FY 2024 Department Requested	FY 2025 Department Requested
Sewer Construction Fund Inflows & Outflows				
Revenues				
Transfers from Improvement & Extension Fund	\$ 26,444,900	\$ 24,000,000	\$ -	\$ 9,015,900
Bond Proceeds	-	225,000,000	-	280,250,000
Bond Fund Earnings on Investment	86,200	5,191,300	2,365,600	1,279,000
Grant Revenues (SRF Loans)	18,720,000	39,750,000	47,253,000	31,104,000
Net Use of Reserves (a)	49,197,900	(154,529,300)	149,442,400	(131,489,900)
Total Revenues	\$ 94,449,000	\$ 139,412,000	\$ 199,061,000	\$ 190,159,000
Expenditures				
Capital Improvement Plan	\$125,932,000	\$ 139,412,000	\$ 199,061,000	\$ 190,159,000
Capital Spend Rate Adjustment	(31,483,000)	-	-	-
Total Expenditures	\$ 94,449,000	\$ 139,412,000	\$ 199,061,000	\$ 190,159,000

..Title

Resolution Regarding Approval of FY 2024 Schedule of Service Charges

..Body

Agenda of: February 22, 2023

Item No.: **2023-055**

Amount: N/A

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Suzanne R. Coffey P.E.
Chief Executive Officer
Great Lakes Water Authority

DATE: February 22, 2023

RE: Resolution Regarding Approval of FY 2024 Schedule of Service Charges

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority, **approves the following actions, which require a supermajority affirmative vote of at least five (5) members of the Board, and the attached Resolution 2023-055** with an effective date of July 1, 2023:

- 1) FY 2024 wholesale water service schedule of charges;
- 2) FY 2024 wholesale sewer service schedule of charges;
- 3) FY 2024 City of Detroit allocated wholesale water revenue requirement of \$25,537,200, which is the net of \$46,237,200 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2024 City of Detroit allocated wholesale sewer revenue requirement of \$196,569,600 which is the net of \$202,085,600 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;
- 5) FY 2024 City of Detroit allocated indirect water revenue requirement of \$48,222,000, in accordance with the Regional Water Supply System Lease;

- 6) FY 2024 City of Detroit allocated indirect sewer revenue requirement of \$35,265,100, in accordance with the Regional Sewage Disposal System Lease;
- 8) authorizes the Chief Executive Officer to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

Pursuant to the water system and sewer system leases signed between the Great Lakes Water Authority (GLWA/Authority) and the City of Detroit, the GLWA began operations of the regional water supply and sewage disposal system on January 1, 2016. Consistent with the terms of those leases, the Authority shall, for each fiscal year fix and approve rates and charges to its customers in an amount that is expected to produce revenues sufficient to satisfy the Authority revenue requirement. The attached, proposed schedule of charges meets that requirement.

Leading up to this charge recommendation, staff presented the proposed FY 2024 and 2025 Biennial Budget and five-year financial plan for FY 2024 through 2028 and an analysis of proposed water and sewer system charges at its January 25, 2023 Board meeting. A Public Hearing was opened for the FY 2024 Water Service Charges and Sewer Service Charges on February 22, 2023.

JUSTIFICATION

Great Lakes Water Authority ("GLWA") management and its consultant, The Foster Group, developed a Schedule of Water Service Charges and Sewer Service Charges for FY 2024 including the City of Detroit Revenue Requirement for the water and sewer systems. These charges support the proposed FY 2024 water system revenue requirements budget and the proposed FY 2024 sewer system revenue requirements, respectively. The FY 2024 water and sewer revenue requirements reflect GLWA's commitment to work within the four percent revenue requirement budget limitation outlined in the September 9, 2014 Memorandum of Understanding that resulted in the establishment of the Great Lakes Water Authority. The proposed wholesale customer charges and revenue requirements for the City of Detroit are the result of significant customer engagement in the charge setting process to evaluate the appropriate allocation of revenue requirements.

Proposed FY 2024 Water Charges

The proposed FY 2024 water service charges reflect a proposed FY 2024 Water budget increase of 4.0 percent along with increased investment earnings and increased estimated sales volumes. **Therefore, the average water system charges increase will be 2.75 percent.**

Proposed FY 2024 Sewer Charges

The proposed FY 2024 sewer service charges reflect a proposed FY 2024 Sewer budget increase of 4.0 percent along with the increased investment earnings and increased estimated industrial charges. **Therefore, the average sewer system charges increase will be 2.75 percent.**

BUDGET IMPACT

The recommended FY 2024 Schedule of Water Service Charges and Sewer Service Charges as presented produces the necessary revenues to fund the FY 2024 Water System and Sewer System Budget.

COMMITTEE REVIEW

The Audit Committee has reviewed the FY 2024 financial plan, including charge setting matters, at its meetings on December 16, 2022 and February 13, 2023.

Coordination with DWSD's Budget

Under the terms of the lease agreements and related financial commitments, key inputs are required from DWSD. An analysis of the DWSD budget inputs and related reconciliation based upon some of the changes above is reflected in the attached schedules.

SHARED SERVICES IMPACT

This item does not impact the Shared Services Agreement between the GLWA and the City of Detroit.

Great Lakes Water Authority

Resolution 2023-055

RE: Approval of FY 2024 Schedule of Water and Sewer Service Charges

By Board Member: _____

Whereas The Great Lakes Water Authority (“GLWA”) management and its consultant, The Foster Group, have developed the attached Schedule of Water Service Charges and Sewer Service Charges for FY 2024, including the direct and indirect City of Detroit Revenue Requirements for the water and sewer systems, to support the FY 2024 water system and sewer system revenue requirements budget with an effective date of July 1, 2023; and

Whereas The FY 2024 water and sewer revenue requirements reflect GLWA’s commitment to work within the four percent limitation outlined in the Memorandum of Understanding; and

Whereas A Public Hearing was held for the Water Service Charges and Sewer Service Charges proposed by the GLWA for FY 2024 on February 22, 2023 at 2:00 p.m.; and

NOW THEREFORE BE IT:

RESOLVED The Great Lakes Water Authority Board approves the proposed:

- 1) FY 2024 wholesale water service schedule of charges;
- 2) FY 2024 wholesale sewer service schedule of charges;
- 3) FY 2024 City of Detroit allocated wholesale water revenue requirement of \$25,537,200 which is the net of \$46,237,200 gross revenue requirement less the Ownership Equity Credit of \$20,700,000 pursuant to the terms of the Water and Sewer Services Agreement (WSSA);
- 4) FY 2024 City of Detroit allocated wholesale sewer revenue requirement of \$196,569,600 which is the net of \$202,085,600 gross revenue requirement less the Ownership Equity Credit of \$5,516,000 in accordance with the WSSA;

- 5) FY 2024 City of Detroit allocated indirect water revenue requirement of \$48,222,000, in accordance with the Regional Water Supply System Lease;
- 6) FY 2024 City of Detroit allocated indirect sewer revenue requirement of \$35,265,100, in accordance with the Regional Sewage Disposal System Lease; and

RESOLVED That the Chief Executive Officer, and the Chief Financial Officer/Treasurer are authorized to take such other action as may be necessary to accomplish the intent of this vote.

DRAFT

Great Lakes Water Authority
Proposed FY 2024 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2023

Line No.	Customer	Fixed Monthly Charge (a)	Commodity Charge (a)	Projected Revenue from Proposed Charges
		\$/mo	\$/Mcf	\$
1	Allen Park	132,700	8.73	2,653,100
2	Almont Village	13,300	11.53	266,800
3	Ash Township	47,800	9.30	955,800
4	Belleville	18,300	9.68	366,700
5	Berlin Township	39,500	11.42	790,300
6	Brownstown Township	210,000	11.98	4,199,600
7	Bruce Township	17,400	46.26	348,500
8	Burtchville Township	21,800	19.33	435,600
9	Canton Township	577,700	12.34	11,555,000
10	Center Line	27,100	6.73	542,600
11	Chesterfield Township	245,000	10.86	4,899,100
12	Clinton Township	428,200	8.70	8,564,500
13	Commerce Township	195,400	14.45	3,906,800
14	Dearborn	551,100	7.85	11,021,800
15	Dearborn Heights	211,900	8.53	4,238,600
16	Eastpointe	90,900	6.99	1,817,800
17	Ecorse	66,200	5.80	1,325,100
18	Farmington	55,800	9.92	1,115,000
19	Farmington Hills	502,800	11.30	10,057,500
20	Ferndale	60,000	7.32	1,199,500
21	Flat Rock	79,700	12.30	1,593,500
22	Flint (b)	584,400	10.27	11,687,700
23	Fraser	70,800	9.94	1,417,200
24	Garden City	97,000	10.21	1,938,900
25	Gibraltar	19,200	9.35	383,700
26	Greenwood Township (DTE)	68,500	20.74	1,369,500
27	Grosse Ile Township	63,600	13.19	1,271,000
28	Grosse Pt. Park	76,700	11.04	1,534,200
29	Grosse Pt. Shores	36,700	15.07	734,300
30	Grosse Pt. Woods	73,700	8.42	1,473,000
31	Hamtramck	46,300	6.05	925,300
32	Harper Woods	49,400	7.56	988,200
33	Harrison Township	94,900	7.70	1,897,300
34	Hazel Park	43,100	7.01	861,400
35	Highland Park	64,700	5.02	1,293,500
36	Huron Township	85,400	10.53	1,707,100
37	Imlay City	83,700	14.64	1,673,400
38	Imlay Township (Single User)	900	62.31	18,900
39	Inkster	74,400	5.89	1,488,300
40	Keego Harbor	17,000	13.72	339,800
41	Lapeer	87,000	13.15	1,741,000
42	Lenox Township	17,100	9.88	341,500
43	Lincoln Park	129,300	6.04	2,585,000
44	Livonia	662,000	11.34	13,239,800
45	Macomb Township	695,100	16.79	13,902,000
46	Madison Heights	113,000	8.09	2,261,300
47	Mayfield Township (KAMAX)	2,700	47.11	53,600
48	Melvindale	36,400	6.70	727,600
49	New Haven, Village of	24,500	10.18	489,500
50	NOCWA	1,253,500	11.37	25,072,600
51	Northville	44,200	11.61	883,300
52	Northville Township	311,100	17.76	6,221,400
53	Novi	519,900	13.69	10,397,800
54	Oak Park	80,600	6.88	1,611,900
55	Oakland GWK Drain District	5,100	4.49	101,600
56	Plymouth	62,800	11.10	1,255,300
57	Plymouth Township	256,700	12.66	5,133,900
58	Redford Township	169,100	8.58	3,383,100
59	River Rouge	29,400	6.03	588,000
60	Riverview	50,300	8.41	1,005,600
61	Rockwood	14,300	11.52	285,600
62	Romeo	14,900	19.64	298,600

Great Lakes Water Authority
Proposed FY 2024 Water Supply System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2023

Line No.	Customer	Fixed Monthly Charge (a) \$/mo	Commodity Charge (a) \$/Mcf	Projected Revenue from Proposed Charges \$
63	Romulus	214,700	7.90	4,293,900
64	Roseville	148,500	6.61	2,969,800
65	Royal Oak Township	11,800	9.34	235,900
66	Shelby Township	641,700	11.93	12,832,700
67	SOCWA	1,342,700	8.59	26,856,800
68	South Rockwood	6,600	11.43	132,900
69	Southgate	116,800	8.24	2,335,200
70	St. Clair Shores	178,100	7.09	3,562,300
71	Sterling Heights	846,100	11.25	16,919,000
72	Sumpter Township	40,500	9.67	809,900
73	Sylvan Lake	13,300	15.75	265,100
74	Taylor	259,500	7.87	5,190,100
75	Trenton	103,000	9.28	2,061,000
76	Troy	792,000	13.67	15,841,400
77	Utica	32,900	11.44	657,900
78	Van Buren Township	197,400	11.56	3,947,900
79	Walled Lake	45,200	12.27	904,400
80	Warren	544,300	6.95	10,885,800
81	Washington Township	132,900	12.28	2,657,000
82	Wayne	102,800	7.85	2,057,100
83	West Bloomfield Township	602,300	17.28	12,047,000
84	Westland	349,600	8.48	6,992,800
85	Wixom	141,000	14.44	2,819,800
86	Woodhaven	84,700	11.55	1,694,400
87	Ypsilanti Comm Util Auth	589,300	9.62	11,786,400
88	Total Wholesale Contract Member Partners			347,192,400
89	Adjustment to Flint Revenue Requirement for KWA Debt Service (b)			(6,651,800)
90	Revenue from Wholesale Charges (agrees with "GLWA Budget Schedule 3")			340,540,600
Detroit Customer Class - \$				
91	Wholesale Revenue Requirement (c)			46,237,200
92	less: Ownership Benefit per Lease			(20,700,000)
93	Net Wholesale Revenue Requirement			25,537,200
94	Indirect Retail Revenue Requirements (d)			48,222,000
95	less: Use of Lease Payment for Debt Service			0
96	Net Indirect Retail Revenue Requirements (d)			48,222,000
97	Subtotal Subject to GLWA Board Approval (93) + (96)			73,759,200
98	Direct Retail Revenue Requirements (e)			45,128,400
99	Total Local System Revenue Requirement (96) + (98)			93,350,400
100	Total Requirement from Detroit Customer Class (agrees with "GLWA Budget Schedule 3")			118,887,600
101	Lead and Copper Rule Sample Testing Fee - \$/Sample			60.00
(a)	Proposed effective date of July 1, 2023. Effective on all bills issued on or after August 1, 2023.			
(b)	Net fixed monthly charge will include \$554,300 monthly credits for KWA debt service.			
(c)	Wholesale revenue requirements for the Detroit Customer Class.			
(d)	Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)			
(e)	Local System operating expenses (net of shared services reimbursement) and I&E deposit. Not Subject to GLWA Board approval.			
(d)&(e)	Local System information provided from Detroit Water & Sewerage Department as of February 2, 2023.			

Great Lakes Water Authority
Proposed FY 2024 Sewage Disposal System Service Charges and Allocated Revenue Requirements
Proposed Effective Date: July 1, 2023

Line No.	<u>Suburban Wholesale</u>	<u>Fixed Monthly Charge</u>	<u>Projected Revenue from Proposed Charges</u>
		\$/mo	\$
1	OMID	6,081,000	72,972,000
2	Rouge Valley	4,789,300	57,471,600
3	Oakland GWK	3,971,300	47,655,600
4	Evergreen Farmington	3,099,400	37,192,800
5	SE Macomb San Dist	2,146,700	25,760,400
6	Dearborn	1,738,200	20,858,400
7	Grosse Pointe Farms	235,300	2,823,600
8	Grosse Pointe Park	163,100	1,957,200
9	Melvindale	134,700	1,616,400
10	Farmington	102,700	1,232,400
11	Center Line	89,300	1,071,600
12	Allen Park	72,600	871,200
13	Highland Park	464,200	5,570,400
14	Hamtramck	346,100	4,153,200
15	Grosse Pointe	77,100	925,200
16	Harper Woods	18,700	224,400
17	Redford Township	23,100	277,200
18	Wayne County #3	4,500	54,000
19	Subtotal "Regional Wholesale Revenues from Charges"		282,687,600
20	Industrial Specific Revenues		13,912,500
21	Subtotal "Regional Wholesale Revenues from Charges" (a)		296,600,100
	<i>* Wholesale charges will be effective July 1, 2023</i>		
	Detroit Customer Class - \$		
22	Wholesale Revenue Requirement (c)		202,085,600
23	less: Ownership Benefit per Lease		(5,516,000)
24	Net Wholesale Revenue Requirement		196,569,600
25	Indirect Retail Revenue Requirements (d)		35,265,100
26	less: Use of Lease Payment for Debt Service		0
27	Net Indirect Retail Revenue Requirements (d)		35,265,100
28	Subtotal Subject to GLWA Board Approval (24) + (27)		231,834,700
29	Direct Retail Revenue Requirements (e)		57,175,200
30	Total Local System Revenue Requirement (27) + (29)		92,440,300
31	Total Requirement from Detroit Customer Class (a)		289,009,900
(a)	<i>Agrees with "GLWA Budget Schedule 3"</i>		
(b)	<i>Reserved</i>		
(c)	<i>Wholesale revenue requirements for the Detroit Customer Class.</i>		
(d)	<i>Local System revenue requirements related to Master Bond Ordinance (local debt service, etc.)</i>		
(e)	<i>Local System operating expenses (net of shared services reimbursement) and I&E deposit. Not Subject to GLWA Board approval.</i>		
(d)&(e)	<i>Local System information provided from Detroit Water & Sewerage Department as of February 2, 2023.</i>		

Great Lakes Water Authority
Proposed FY 2024 Sewage Disposal System
Industrial Specific Retail Charges
Proposed Effective Date: July 1, 2023

Industrial Waste Control Charges		
Meter Size	Full Charge	Admin Only Charge
<i>inches</i>	<i>\$/mo</i>	<i>\$/mo</i>
5/8	3.64	0.91
3/4	5.46	1.37
1	9.10	2.28
1-1/2	20.02	5.01
2	29.12	7.28
3	52.78	13.20
4	72.80	18.20
6	109.20	27.30
8	182.00	45.50
10	254.80	63.70
12	291.20	72.80
14	364.00	91.00
16	436.80	109.20
18	509.60	127.40
20	582.40	145.60
24	655.20	163.80
30	728.00	182.00
36	800.80	200.20
48	873.60	218.40

Pollutant Surcharges	
<u>Pollutant</u>	<u>Charge</u>
	<i>\$/lb</i>
BIOCHEMICAL OXYGEN DEMAND (BOD) for concentrations > 275 mg/l	0.361
TOTAL SUSPENDED SOLIDS (TSS) for concentrations > 350 mg/l	0.496
PHOSPHORUS (P) for concentrations > 12 mg/l	6.629
FATS, OIL AND GREASE (FOG) for concentrations > 100 mg/l	0.115
SEPTAGE DISPOSAL FEE Per 500 gallons of disposal	37.00



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MEMORANDUM

GLWA Financial Forecast Update
FY 2024 Budget Support – 2nd Version

February 2, 2023

To: Nicolette Bateson

From: Bart Foster

This memorandum is intended to introduce updated long-term financial plan forecasts for the GLWA Regional System Water and Sewer funds, prepared in coordination with development of the Fiscal Year 2024 budget and charges. This latest update presents subtle modifications from the December 30, 2022 version, which was included as an appendix to our “FY 2024 Cost of Service Study and Charge Recommendations” report memorandum. All of the fundamental assumptions presented in that material have remained constant to this updated version, including the core operating expense and overall “top line revenue requirement” budget forecast plan. This update reflects final modifications to the Capital Improvement Programs (“CIPs”) made subsequent to the December 30, 2022 version, and now completely reflects the updated CIPs presented at the January 18 Capital Planning Committee meeting. The forecast update continues to reflect certain suggested refinements to strategic capital financing plan approaches based on further understanding of specific CIP projects and financing availability. Finally, it also contains detailed exhibits that were not included in the prior briefing. As such we are reflecting this material as the “Preliminary 2nd Discussion Draft” of the updated forecast.

These PRELIMINARY updated projections reflect forecasted financial results for a ten-year¹ projection period (*Fiscal Year 2023 through Fiscal Year 2033*) for GLWA’s capital and operating financial requirements. Separate exhibits are designed to summarize forecasts for both the Water Fund and the Sewer Fund. These forecast summaries are presented in similar format to prior published work products we have prepared in various forums, which largely focused on revenue requirements (reflected as either “budget” or “cash” basis) in a manner that aligns with requirements of the GLWA Master Bond Ordinances (MBO’s). We have also included forecast exhibits that illustrate projected “GAAP basis” results, and forecasted “Net Position” of both utilities.

This version of the forecast report also includes budget and forecast information for the DWSD Local Water and Sewer Systems into the comprehensive forecast. We have coordinated development of that material with the DWSD Finance Team and are confident that we have accurately reflected a reasonable depiction of the long-term plan for the Local Systems.

¹ Actually 11 years, including estimated results for the current year.

This forecast document embraces a forecasting approach and format that we've utilized for several years, and readers should find the general exhibits and discussion familiar. It has been used in support of GLWA revenue bond issues and annual budgeting and charge setting.

Executive Summary Takeaways

- This forecast embraces the recommended overall FY 2024 ***System Charge Adjustments*** of a 2.75% increase for both the Water and Sewer Systems.
 - *The Water adjustment is the product of:*
 - 4.0% to address a \$14.2 million revenue requirement increase;
 - Less 0.9% to reflect a \$3.1 million increase in budgeted investment earnings; and
 - Less: 0.4% to reflect an increase in budgeted water sales volumes, creating a \$1.3 million positive sales revenue forecast due to increased projected water sales volumes.
 - *The Sewer adjustment is the product of:*
 - 4.0% to address a \$13.3 million revenue requirement increase;
 - Less 1.25% to reflect a \$5.9 million increase in budgeted investment earnings
 - ***These proposed adjustments are fully documented in the “FY 2024 Cost of Service Study and Charge Recommendations” report memorandum.***
- The FY 2024 budget becomes the springboard for projections for subsequent years in the forecast period.
- The forecast produces the executive summary metrics for the 10-year forecast period summarized in the table on the following page.
- The Water CIP continues to place relatively more financing pressure on the forecast than does the Sewer CIP. As a result the Water System forecast contains continuation of significant debt financing, while mostly “pay go” capital financing is forecasted for the Sewer System towards the end of the ten year period.
 - *This fundamental difference in the Water and Sewer Forecasts is highlighted throughout this memorandum and in the accompanying exhibits.*
- With this version of the forecast update we are introducing potential subtle modifications in the overall financial planning strategy – specifically as it relates to the available liquidity in the Water and Sewer Funds.
- The forecast for the Local Systems provides debt service coverage ratios of greater than 1.0 for the entire forecast period, and moderate use of annual Lease Payments for debt service for the Local Water System.

The forecast produces the executive summary metrics for the 10-year forecast period summarized below.

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		2.76%	3.19%	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	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7	663.2
Projected Cash Balance	198.5	209.4	223.1	226.6	231.8	236.3	241.3	245.9	250.7	255.7	261.2	
Days Cash Ratio	500											
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	350.0	0.0	315.0	0.0	290.0	0.0	180.0	0.0	150.0	1,285.0
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 System DS Covg **	1.40	1.36	1.27	1.33	1.33	1.39	1.40	1.48	1.52	1.63	1.70	
Loc System DS Covg ***	1.06	1.08	1.06	1.08	1.03	1.03	1.02	1.03	1.02	1.04	1.04	
Total Debt Svc Covg ****	1.33	1.30	1.23	1.28	1.27	1.32	1.32	1.39	1.42	1.51	1.57	
<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%	5.0%	5.1%	3.0%	2.9%	3.0%	3.2%	3.2%	
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	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8	880.5
Projected Cash Balance	266.7	281.9	296.2	303.4	308.1	314.5	321.1	421.8	387.5	362.1	346.3	
Days Cash Ratio	500	645	580	532	499							
Capital Improvements *	157.9	214.0	202.6	166.8	141.4	125.4	145.1	160.7	170.7	164.6	170.4	1,819.6
New Bond Sales **	0.0	0.0	295.0	0.0	325.0	0.0	0.0	0.0	0.0	0.0	0.0	620.0
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
Reg System DS Covg **	1.34	1.29	1.32	1.41	1.39	1.44	1.47	1.56	1.64	1.70	1.76	
Loc System DS Covg ***	1.00	1.14	1.12	1.22	1.30	1.36	1.33	1.30	1.26	1.21	1.15	
Total Debt Svc Covg ****	1.30	1.27	1.30	1.38	1.38	1.43	1.45	1.53	1.59	1.64	1.69	

* Includes Budgeted Capital Outlay
 ** Regional System contribution only
 *** Local System Contribution
 **** Consolidated Regional System and Local System

Forecast Introduction and Exhibits

As noted earlier, the efforts undertaken to prepare these forecasts are consistent with the analyses that we utilize to prepare financial feasibility report(s) that we have provided to GLWA in support of financial transactions. However, the efforts to date have not been as rigorous as those designed to support a public offering of debt, and should be considered “**Preliminary**”. We encourage stakeholders to review these forecasts with that understanding in mind. In addition, our formally published forecasts always carry this caveat:

In conducting our studies and formulating our projections and opinions contained herein, we reviewed the books, records, agreements, capital improvement programs and other information produced by the Authority as we deemed necessary. While we consider such books, records, and other documents to be reliable, we have not verified

the accuracy of these documents. The projections set forth herein are intended as “forward-looking statements”. Actual results may differ materially from those projected, as influenced by conditions, events, and circumstances that may actually occur.

Having said all that, let’s review the next look at the updated forecasts. First, let’s further re-introduce a potential subtle modification in the overall financial planning strategy – specifically as it relates to the available liquidity in the Water and Sewer Funds. For purposes of “unrestricted” available cash balances, the System’s liquidity includes amounts in four specific Funds:

1. Receiving Fund
2. Operations and Maintenance Fund
3. Extraordinary Repair and Replacement (“ER&R”) Fund, and
4. Improvement and Extension (“I&E”) Fund.

The first three can be collectively thought of as Working Capital². The I&E Fund is designed to fund capital improvements to the System and is the last “bucket” filled in the MBO flow of funds. One of the key financial metrics that GLWA reports is a “Days Cash Ratio”. This ratio reflects how many days of operating expense are available in the bank with respect to unrestricted cash balances. It is calculated by dividing total available unrestricted cash by the average daily operating expense. The Days Cash Ratios reported in the FY 2022 Financial Statements are 632 for the Water Fund and 574 for the Sewer Fund.

In prior forecasts our planning approach was to hold the existing “Working Capital” balances in the Receiving, Operations and Maintenance and ER&R Funds constant throughout the forecast period, and to target minimum balances of \$90 million in each of the GLWA I&E Funds. Since none of these target balances were being indexed for inflationary or other revenue requirement growth, the forecasted Days Cash Ratios naturally declined.

With this forecast update we are introducing a more strategic approach. The Authority carefully monitors Working Capital balances to ensure that adequate amounts are on hand for subsequent monthly transfers via the MBO requirements. The forecast update anticipates maintaining Working Capital balances that are tied to the criteria established for that process. As such, we are projecting increased Working Capital balances once the minimum policy targets have been met. In this fashion the “days cash” provided by the Working Capital element of the unrestricted funds is fairly constant during the forecast, rather than the decline exhibited in prior versions.

With respect to the I&E Fund, rather than target a minimum amount of \$90 million, this forecast update ties the minimum policy amount to that required to achieve (together with the forecasted available Working Capital) a proposed Days Cash Ratio. For purposes of this

² Technically there are restrictions on use of amounts in the ER&R Fund, but they are available for working capital needs so long as they are replenished timely.

forecast update we've assumed a Days Cash Ratio of 500 days. This figure should be considered a "conversation starter" - we are not necessarily recommending such amount as an Authority policy, and we acknowledge that higher targets may be warranted. In any event the capital financing strategy employed in this forecast is designed to produce overall Days Cash Ratios of 500 days.

With that, an introduction of the core executive summary assumptions we've incorporated into the baseline analysis.

1. FY 2023 estimated activity is consistent with the approved first quarter budget amendments, with additional minor estimates to reflect ongoing review.
2. FY 2024 through FY 2028 O&M is consistent with the budget request established by GLWA.
 - *As documented elsewhere the first two years in that budget document reflect inflationary pressures that are unprecedented in recent years.*
 - *The O&M budget request for FY 2024 reflects an increase of 9.0% in total (combined Water and Sewer) compared to originally approved FY 2023 budget;*
 - *Water O&M increase for FY 2024 is 5.6%, Sewer increase is 11.7% - this reflects diligent review of the FY 2024 budget preparation and individual budget programs, including increased focus on programs to address Sewer issues.*
 - *The proposed O&M increases for FY 2025 are 5.7% in total, 6.5% for Water and 5.1% for Sewer.*
3. Future O&M growth beyond FY 2025 = 2%, on average, overall for the System, with varying amounts between Water and Sewer through FY 2028 to match the FY 2024 Budget documents, and uniformly thereafter.
4. CIP's reflect "Discussion Draft 2" submitted to the Capital Planning Committee on January 18.
5. CIP Expenditure Level reflects a Spend Rate Assumption of 100% for the entire forecast period.
 - *This is consistent with the strategic adjustment made as part of the first quarter amendments to the FY 2023 budget, and the plans embraced to support the 2022 bond transactions.*
6. Investment earnings rate = 3.0% for FY 2023, declining to 2.5% for the remainder of the forecast period.
7. Capital financing forecast policy:
 - *Fund all Major CIP expenditures via Construction Fund, which is sourced by:*
 - SRF loans
 - Transfers from I&E
 - Bond Proceeds
 - Investment Earnings on Bond Proceeds
 - *CIP funding source priority:*

- Identify short lived CIP projects that should be financed by I&E (*currently estimated at 10% of total CIP*);
 - Apply “confirmed” SRF resources to specific projects³; then
 - Spend existing I&E Funds until they reach policy minimum⁴;
 - Do not rely on annual deposits to I&E to finance CIP until subsequent year(s);
 - Issue debt to finance remainder of annual capital requirements;
 - Plan biennial bond sales in amounts that result in moderate “carryover” balances at end of 2nd year⁵.
8. “Top Line” increases in annual revenue requirements are designed to increase forecasted debt service coverage ratios (for the Regional System contribution) of at least 1.50 by FY 2028 and at least 1.80 by FY 2023. These objectives were presented in executive summary form to the Board of Directors at the November 17 workshop meeting. A more tempered scenario for Water was also presented. The results in this forecast are based on annual total revenue requirement increase of:
- *4.0% for the Water System for FY 2024 and FY 2025 and 6.0% for the remainder of the forecast period;*
 - *4.0% for the Sewer System for FY 2024 and FY 2025, 5.0% for FYs 2026 through 2028, and 3.0% for the remainder of the forecast period.*
 - ***We note that these forecasted increases do not produce the stated objectives, but do result in progress towards them. The overall annual budget adjustments once the “4% Promise” sunsets in FY 2026 will be key planning considerations for future forecasts.***
9. Proposed FY 2024 System Charge adjustments of:
- ***2.75% increase for Water***
 - Reflects significant increase in budgeted investment earnings and moderate increase in baseline sales revenue compared to approved FY 2023 Budget and Charges.
 - ***2.75% increase for Sewer***
 - Reflects significant increase in budgeted investment earnings.
10. Total GLWA / DWSD “Legacy Pension Obligation” annual payments reduce from \$45.4 million in the FY 2023 Budget to \$10.0 million starting in FY 2024, and all FY 2024 and subsequent amounts are treated as a non-operating expense.
11. Local System forecast considerations include:
- *Complete alignment with the DWSD FY 2024 and FY 2025 Biennial Budget Request, and the FY 2024 – FY 2028 Capital Improvement Programs as of February 2, 2023.*

³ We note that prior forecasts included loans for projects that had been approved on the State’s Project Priority List. A few of those projects were deferred in the preliminary FY 2024 – FY 2028 CIP and have impacted the capital financing plan.

⁴ In prior forecasts the policy minimum was \$90 million for each System. As noted elsewhere herein this forecast contemplates subtle modifications to achieve overall desired liquidity balances.

⁵ The forecasted bond sales for FY 2025 are anticipated towards the beginning of the fiscal year. All other forecasted bond sales in the “biennial cycle” are assumed to occur mid-point of the fiscal year.

- *Preparation of financial forecasts developed via consultation with DWSD Finance with the DWSD CFO and team.*
- *Strategic application of capital financing sources designed to produce capital fund balances that adhere to management policies, including targeting year end balances in the I&E Funds that approximate annual Lease Payments and adequate carryover balances in construction funds.*
- *Recognition of the need to issue debt to fund the Water CIP in odd fiscal years – consistent with the GLWA forecasted transactions.*
- *Ability to fund the Sewer CIP via a combination of Lease Payments, internally generated funds, SRF loans, and grants without the need for open market debt issuances.*
- *Targeted, moderate rate adjustments similar to the GLWA wholesale system charge adjustments to ensure adherence to the fund balance targets noted above, and to provide positive “Local System” debt service coverage ratios throughout the forecast period.*

The forecasted financial results resulting from our application of these assumptions are summarized in the attached exhibits, and briefly introduced below. The exhibit page number references are consistent between the separate Water (W) and Sewer (S) page numbers.

1. Forecasted **Regional System** CIP Financing Plan
 - Illustrates forecasted plan resulting from application of CIP financing policy noted above.
 - ***Compared to prior forecasts, the increased Water CIP requirements in FYs 2023 and 2024, coupled with the deferral of CIP projects that had previously been targeted for SRF financing, require accelerated draw down in both the Water Construction Funds in FY 2024, compared to prior assumptions. The same is true for Sewer to a lesser degree.***
 - As a result, the forecast anticipates the next “new money Regional System” bond transactions to occur in **early FY 2025** for both the Water and Sewer Systems – compared to the prior assumptions of the mid-point of the year. The size and nature of these transactions are subject to change, and could be impacted by availability of additional SRF loans, DWSD Local System needs, and/or refinancing opportunities.
 - Additional revenue bond transactions are forecasted in biennial years.
 - Also note the relatively larger need for forecasted additional Water bond sales compared to Sewer due to the relatively larger Water CIP requirements. The Sewer forecast anticipates being able to “pay go” all **known and projected** CIP Financing after the forecasted bond sale in FY 2027.
2. Forecasted **Regional System** CIP Financing Plan Table
 - Same as 1, in tabular form consistent with published Feasibility Reports.
3. Forecasted Application of **Regional System** CIP Funding Sources
 - Illustrates growing utilization of I&E monies to finance annual capital improvements, particularly for Sewer. The Water picture is “muddied” because

of the early year spend down of existing balances while the Sewer picture is more evident of steady growth – sufficient to fully fund the CIP by the end of the forecast period.

- At the bottom of the exhibit, we’ve included a metric that identifies the amount of spend from, and deposit to, the I&E Funds as a percentage of total annual CIP. Again, the current level, and the growth, in this metric is more favorable for Sewer than Water.

4. Forecasted **Local System** CIP Financing Plan Table

- The current ten-year Local System CIP in this table reflects amounts that DWSD has indicated are appropriate for the Authority to consider for planning purposes. The program is estimated to be funded with a combination of existing balances in the Local System Construction Funds and the Detroit Improvement and Extension Accounts of the Improvement and Extension Funds, draws on loans from the State Drinking and Clean Water Revolving Funds, annual transfers of Lease Payments and revenues from Retail Customers to the Detroit Improvement and Extension Accounts of the Improvement and Extension Funds, and issuance of open market revenue bonds through GLWA. DWSD does not expect that any Sewer capital financing will require any additional bonds issued by the Authority during the forecast period. The projected financing plan anticipates that moderate portions of the annual Water Lease Payments will be applied to debt service consistently throughout the forecast period. The Sewer System forecast anticipates that revenues for the Local System will be sufficient to not require any use of the Lease Payment for debt service, and will actually provide sufficient amounts to make annual transfers to the Detroit Improvement and Extension Account of the Improvement and Extension Fund. The Water financing plan anticipates issuance of additional revenue bonds every two years on the same cadence as that forecasted for the GLWA Regional System transactions.

5. Forecasted **Regional System** Revenue Requirement Financing Plan

- Graphical depiction of the “business plan” assuming annual top line revenue requirement growth and O&M assumptions noted above. Note the relatively stable transfers to Water I&E in the short term compared to the rapid growth in the Sewer amounts. ***This is directly reflective of the varying “top line” growth assumptions noted above.***

6. Forecasted **Regional System** Revenue Requirement Financing Plan Table

- Same as 5, in tabular form consistent with published Feasibility Reports.

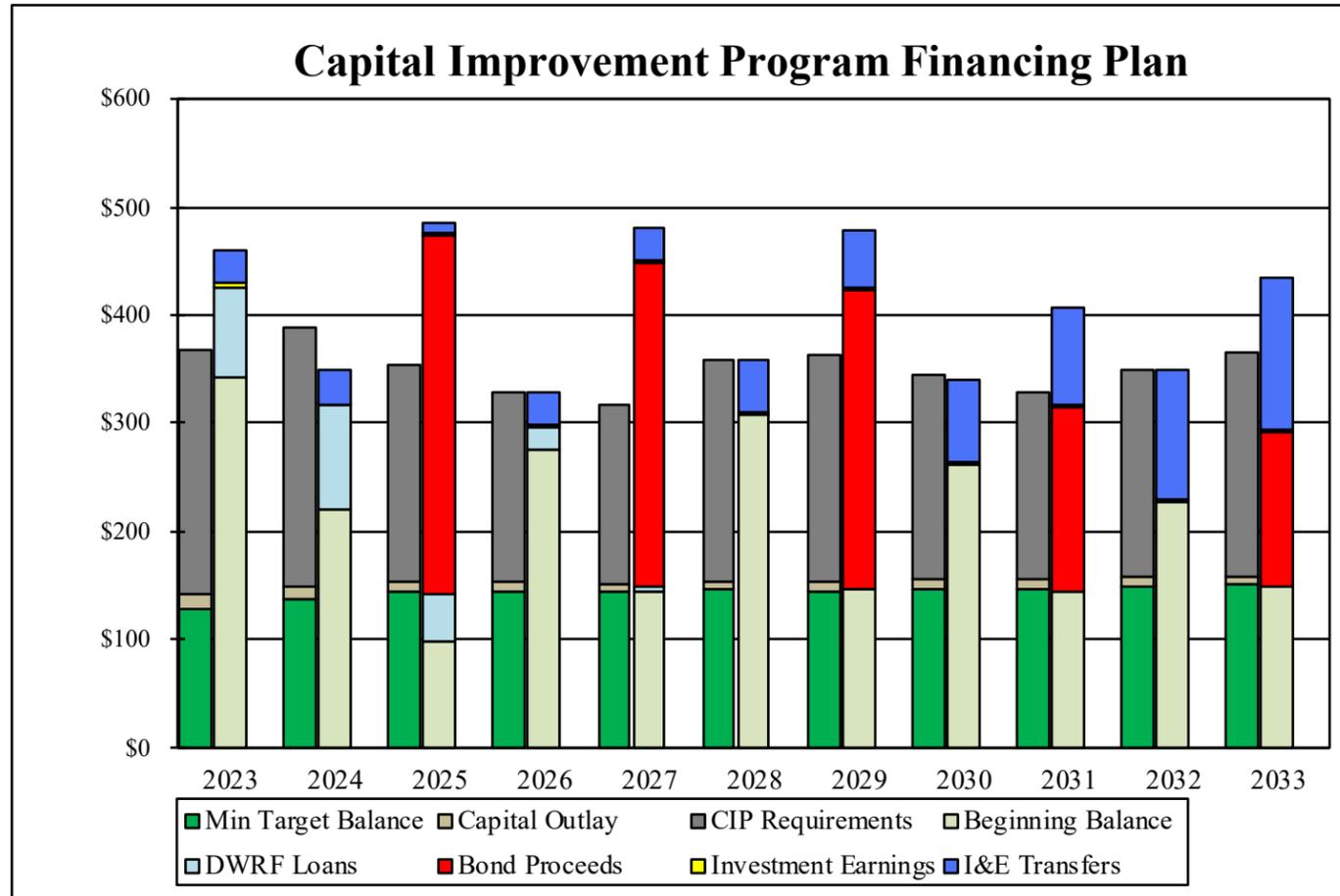
7. Forecasted **Local System** Revenue Requirement Financing Plan Table

- The Local System ten-year “business plan” forecast in this table reflects amounts that DWSD has indicated are appropriate for the Authority to consider for planning purposes.
- The figures for FYs 2024 and 2025 are consistent with the preliminary biennial budget provided by DWSD to GLWA.
- The forecast for the remainder of the period has been developed in consultation with DWSD.

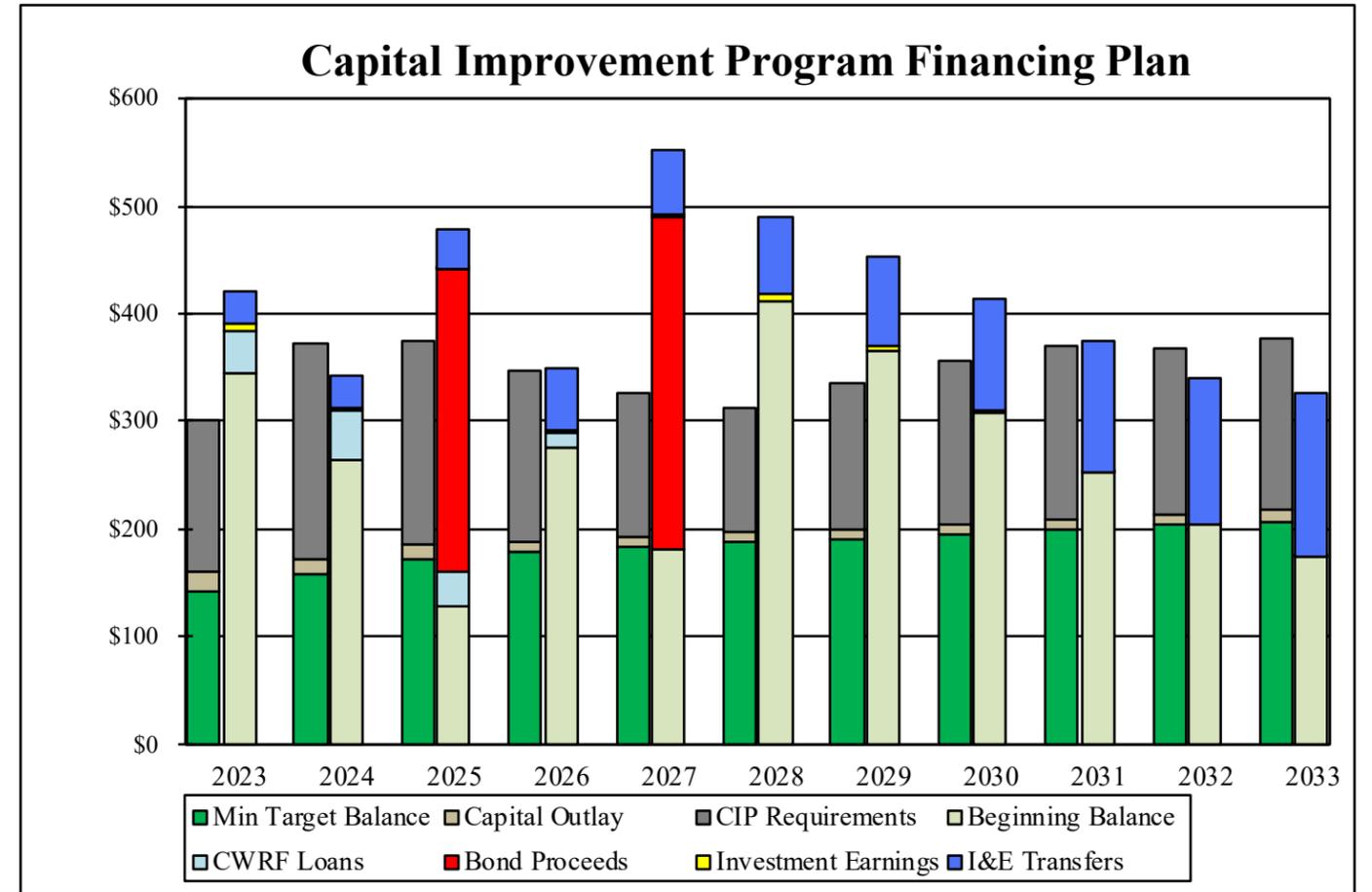
- The forecast anticipates annual increases in revenue from rates equaling 5% starting in FY 2026. The forecasted increases in Sewer rate revenue is reduced to 2.5% annually starting in FY 2029.
 - Again, these trends are consistent with the Regional System forecasts, as the capital financing pressures placed on the business plan are lower on Sewer than Water.
 - The forecasted net revenues for the Local Systems provide “Local System Debt Service Coverage” ratios of 1.0 or greater throughout the forecast period.
 - We note that this schedule is not included in our published Feasibility Reports.
8. Forecasted **Consolidated** Revenue Requirement Financing Plan Table
- Presents to combined impact of financing GLWA and DWSD revenue requirements.
 - This is the “business plan” forecast summary that is traditionally included in our Feasibility Reports – as it is the most complete picture of how the forecast meets commitment to investors.
9. Forecasted **Regional System** Fund Balance Summary
- Illustrates unrestricted liquidity balances and debt service coverage (as computed for the Regional System portion).
 - With respect to the fund balance targets:
 - * *Note that for purposes of this presentation we’ve separately identified the ER&R Fund from the “Working Capital” element introduced above. The ER&R Fund minimum balance is required to be 15% of the total GLWA and DWSD budgeted operating expenses.*
 - * *The “Working Capital Reserve” in this presentation represents the combination of the Receiving and Operations and Maintenance Fund. The target minimum balance is equivalent to that is designed to reflect an Operating Fund reserve balance equivalent to 105 days of annual Operations and Maintenance Expense plus 60 days of scheduled “non-discretionary” transfers to all other MBO Funds. Note that transfers to the I&E Fund are treated as “discretionary” and are not included in this calculation.*
 - * *The I&E Fund Target is that level designed to achieve – together with the other unrestricted funds - forecasted Days Cash Ratios of 500 days.*
 - The forecasted total unrestricted liquidity balances are represented by the solid black line.
 - * *The Water forecast illustrates consistent maintenance of the preliminary targeted ratio of 500 Days Cash. The desired forecasted Regional System debt service ratios in FY 2028 and FY 2033 are not quite attained, but positive growth is evident in the latter half of the forecast period.*
 - * *The Sewer forecast also aligns with the 500 Days Cash target throughout (with a bit of a spike in ~ FY 2030 as the final forecasted bond sale is winding down) and the forecasted Regional System debt service coverage ratios align more closely with the desired objectives.*

10. Projected **Regional System** Cash and Investment Balances
 - Same as 6, in tabular form consistent with published Feasibility Reports.
11. Relative **Regional System** Revenue Requirement Distribution
 - Illustrates “where each \$ of revenue goes” with respect to Regional System revenue requirements. Again, note the reduction in debt service, and corresponding increase in I&E bottom line transfers in the latter years of the forecast period as progress is made towards the desired debt service coverage objectives.
 - The general trend is once again more favorable for Sewer than Water.
12. **Regional System** I&E Flow of Funds Forecast
 - Illustrates the maintenance of existing balances in the short term, and subsequent slow but steady growth to maintain the overall Days Cash Ratio at the 500 days target.
13. GLWA GAAP Basis Income Statement Forecast
 - Presents historical and forecasted changes in, and level of, net position as reported on a GAAP Basis for forecast purposes.
 - As has been discussed in prior deliberations, the reductions in net position reported for both funds since GLWA’s inception have (in part) been related to an accelerated level of depreciation expense associated with the valuation of acquired and leased assets.
 - Due to the accelerated depreciation structure, many of the acquired assets will be fully depreciated in the next few years, and the annual depreciation expense is projected to decrease.
 - As a result the GAAP basis change in net position is projected to increase during the forecast period, and result in positive cumulative net position metrics by FY 2027 for Sewer and by FY 2028 for Water, and to continue to grow thereafter.
 - We note that there are other “non cash revenue requirement” elements that impact the GAAP basis results, many of which are difficult to project. These include statements of liabilities associated with long term liabilities.
14. Same as 10, but in graphical form to illustrate the overall trend in reported net position for both Systems.

We are hopeful that this executive summary presentation provides a platform for continued discussion of financial planning policies and assumptions as the review of the proposed FY 2024 Budget and proposed FY 2024 Water Charges and Sewer Charges continues. We are prepared to present this material and to discuss this matter further at your convenience.



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Requirements											
Target Balance	127.3	138.4	144.0	144.9	144.5	145.9	145.4	147.2	147.5	149.9	150.8
Capital Outlay	15.5	11.5	9.7	8.0	7.8	7.2	7.4	7.5	7.7	7.8	8.0
CIP Requirement	225.8	239.3	200.4	176.0	165.8	205.1	210.3	189.1	172.8	192.0	206.9
Total	368.6	389.2	354.1	328.9	318.1	358.2	363.1	343.8	327.9	349.6	365.7
Sources											
Beginning Balance	342.6	219.2	97.6	276.2	144.7	307.1	147.0	261.9	144.5	227.6	149.8
DWRf Loans	82.9	97.1	44.2	20.0	4.0	-	-	-	-	-	-
Bond Proceeds	-	-	332.5	-	299.3	-	275.5	-	171.0	-	142.5
Investment Earnings	4.8	1.9	1.3	2.9	2.3	3.3	1.8	2.6	1.7	2.2	1.6
I&E Transfers	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
Total Sources	460.5	348.4	486.3	328.7	480.7	359.3	479.5	341.0	408.0	349.6	434.7
End Balance	219.2	97.6	276.2	144.7	307.1	147.0	261.9	144.5	227.6	149.8	219.8



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Requirements											
Target Balance	143.0	157.8	172.3	179.2	184.3	187.6	190.4	195.0	199.4	203.3	207.2
Capital Outlay	18.4	15.0	12.4	7.8	7.7	9.2	9.4	9.6	9.8	10.0	10.2
CIP Requirement	139.4	199.1	190.2	159.0	133.7	116.2	135.7	151.1	160.9	154.6	160.2
Total	300.8	371.8	374.9	346.0	325.7	313.0	335.5	355.7	370.1	367.9	377.6
Sources											
Beginning Balance	345.3	263.3	129.1	274.9	181.4	411.1	365.3	307.1	252.3	203.1	174.9
CWRf Loans	39.8	47.3	31.1	15.0	-	-	-	-	-	-	-
Bond Proceeds	-	-	280.3	-	308.8	-	-	-	-	-	-
Investment Earnings	5.2	2.4	1.3	2.5	3.1	6.2	4.9	2.2	0.2	0.0	0.0
I&E Transfers	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
Total Sources	421.2	343.1	477.5	348.3	552.6	490.7	452.1	412.9	373.8	339.5	326.6
End Balance	263.3	129.1	274.9	181.4	411.1	365.3	307.1	252.3	203.1	174.9	156.2

Table 4a
GLWA Wholesale Water System Capital Improvement Program Financing Plan (\$ millions)

Line No.	Item	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
Financing Requirements													
1	Budgeted Capital Outlay	15.5	11.5	9.7	8.0	7.8	7.2	7.4	7.5	7.7	7.8	8.0	98.0
2	Major Capital Improvement Program (a)	225.8	239.3	200.4	176.0	165.8	205.1	210.3	189.1	172.8	192.0	206.9	2,183.4
3	Total Financing Requirements	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
Financing Sources													
GLWA Regional System Improvement and Extension Account													
4	Beginning Balance (b)	94.5	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7	94.5 (i)
5	Transfers from Water Receiving Fund	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7	663.2
6	Subtotal - Improvement & Extension Fund	124.7	107.6	99.0	123.8	125.4	143.3	151.0	172.2	188.1	217.1	240.4	757.7
Construction Fund													
7	Beginning Balance (b)	248.1	141.8	9.2	182.1	49.7	212.8	51.2	166.2	47.3	130.3	50.2	248.1 (i)
Bond Proceeds													
8	Water System Revenue Bonds - Par Value	-	-	381.6	-	362.4	-	332.1	-	222.1	-	176.3	1,474.5
9	Less: Transfer to DWSD Const. Fund (e)	-	-	(30.0)	-	(45.0)	-	(40.0)	-	(40.0)	-	(25.0)	(180.0)
10	Less: Issuance Expenses (f)	-	-	(19.1)	-	(18.2)	-	(16.6)	-	(11.1)	-	(8.8)	(73.8)
11	Net Bond Proceeds Available	-	-	332.5	-	299.3	-	275.5	-	171.0	-	142.5	1,220.8
12	State Drinking Water Revolving Fund Loan Draws	104.9	152.1	101.9	43.8	14.0	10.0	10.0	10.0	10.0	10.0	10.0	476.7
13	Less: Transfer to DWSD Constr. Fund	(22.0)	(55.0)	(57.7)	(23.8)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(228.5)
14	Net State DWRF Financing for Authority	82.9	97.1	44.2	20.0	4.0	-	-	-	-	-	-	248.2
15	Investment Income	4.8	1.9	1.3	2.9	2.3	3.3	1.8	2.6	1.7	2.2	1.6	26.5
16	Subtotal - Construction Fund	335.8	240.8	387.3	205.0	355.3	216.0	328.5	168.9	219.9	132.5	194.3	1,743.5
17	Total Financing Sources Available	460.5	348.4	486.3	328.7	480.7	359.3	479.5	341.0	408.0	349.6	434.7	2,501.2
Application of Financing Sources													
18	I&E Funds - Budgeted Capital Outlay	15.5	11.5	9.7	8.0	7.8	7.2	7.4	7.5	7.7	7.8	8.0	98.0
19	I&E Funds - Major CIP Financing	31.8	7.7	(4.8)	20.8	23.3	40.3	48.0	67.5	83.1	109.6	131.3	558.6
20	Project Expenditures from Construction Fund	194.0	231.5	205.2	155.2	142.5	164.8	162.3	121.6	89.6	82.4	75.6	1,624.8
21	Total Financing Sources Applied	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
Financing Sources Available for Future Requirements													
22	Improvement & Extension Fund (g)	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7	101.0	99.7 (j)
23	Construction Fund (h)	141.8	9.2	182.1	49.7	212.8	51.2	166.2	47.3	130.3	50.2	118.8	50.2 (j)
24	Financing Sources Available for Future Req'ts	219.2	97.6	276.2	144.7	307.1	147.0	261.9	144.5	227.6	149.8	219.8	149.8 (j)

(a) Preliminary from Draft #2 FY 2024 - FY 2028 CIP

(b) Estimated balance available June 30, 2022 (applies only to Fiscal Year 2023).

(c) Reserved.

(d) Reserved.

(e) Current, preliminary forecast does not anticipate any bonds issued for Local System improvements.

(f) Assumes amounts will be required from future bond proceeds to fund debt service reserve fund.

(g) Line 6 minus Lines 18 through 19.

(h) Line 17 minus Line 20.

(i) Total column reflects estimated balance available June 30, 2022.

(j) Total column reflects estimated balance available June 30, 2033.

Table 4a
GLWA Wholesale Sewer System Capital Improvement Program Financing Plan

Line No.	Item	Fiscal Year Ending June 30,											Total
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financing Requirements													
1	Budgeted Capital Outlay	18.4	15.0	12.4	7.8	7.7	9.2	9.4	9.6	9.8	10.0	10.2	119.5
2	Major Capital Improvement Program (a)	139.4	199.1	190.2	159.0	133.7	116.2	135.7	151.1	160.9	154.6	160.2	1,700.1
3	Total Financing Requirements	157.9	214.0	202.6	166.8	141.4	125.4	145.1	160.7	170.7	164.6	170.4	1,819.6
Financing Sources													
GLWA Regional System Improvement and Extension Account													
4	Beginning Balance (b)	104.3	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9	92.8 (i)
5	Transfers from Sewer Receiving Fund	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8	849.5
6	Subtotal - Improvement & Extension Fund	135.3	123.0	143.8	178.2	188.7	207.5	219.6	244.3	361.0	339.5	326.6	942.3
Construction Fund													
7	Beginning Balance (b)	241.0	170.5	21.1	152.6	52.0	277.0	227.6	166.4	12.6	0.0	0.0	170.5 (i)
Bond Proceeds													
8	Sewer System Revenue Bonds - Par Value	-	-	295.0	-	325.0	-	-	-	-	-	-	620.0
9	Less: Transfer to DWSD Const. Fund (e)	-	-	-	-	-	-	-	-	-	-	-	-
10	Less: Issuance Expenses (f)	-	-	(14.8)	-	(16.3)	-	-	-	-	-	-	(31.0)
11	Net Bond Proceeds Available	-	-	280.3	-	308.8	-	-	-	-	-	-	589.0
12	State Clean Water Revolving Fund Loan Draws	50.4	60.4	43.6	27.9	12.9	10.0	10.0	10.0	10.0	10.0	10.0	204.8
13	Less: Transfer to DWSD Constr. Fund	(10.7)	(13.2)	(12.5)	(12.9)	(12.9)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(10.0)	(111.5)
14	Net State CWRWF Financing for Authority	39.8	47.3	31.1	15.0	-	-	-	-	-	-	-	93.4
15	Investment Income	5.2	2.4	1.3	2.5	3.1	6.2	4.9	2.2	0.2	0.0	0.0	22.7
16	Subtotal - Construction Fund	285.9	220.1	333.7	170.1	363.8	283.2	232.5	168.6	12.8	0.0	0.0	875.6
17	Total Financing Sources Available	421.2	343.1	477.5	348.3	552.6	490.7	452.1	412.9	373.8	339.5	326.6	1,817.9
Application of Financing Sources													
18	I&E Funds - Budgeted Capital Outlay	18.4	15.0	12.4	7.8	7.7	9.2	9.4	9.6	9.8	10.0	10.2	101.1
19	I&E Funds - Major CIP Financing	24.0	-	9.0	40.9	46.9	60.6	69.6	(4.9)	148.1	154.6	160.2	685.1
20	Project Expenditures from Construction Fund	115.4	199.1	181.1	118.1	86.9	55.6	66.1	156.0	12.8	-	-	875.6
21	Total Financing Sources Applied	157.9	214.0	202.6	166.8	141.4	125.4	145.1	160.7	170.7	164.6	170.4	1,661.7
Financing Sources Available for Future Requirements													
22	Improvement & Extension Fund (g)	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9	156.2	156.2 (j)
23	Construction Fund (h)	170.5	21.1	152.6	52.0	277.0	227.6	166.4	12.6	0.0	0.0	0.0	0.0 (j)
24	Financing Sources Available for Future Req'ts	263.3	129.1	274.9	181.4	411.1	365.3	307.1	252.3	203.1	174.9	156.2	156.2 (j)

(a) Preliminary from Draft #2 FY 2024 - FY 2028 CIP

(b) Estimated balance available June 30, 2022 (applies only to Fiscal Year 2023).

(c) Reserved.

(d) Reserved.

(e) Current, preliminary forecast does not anticipate any bonds issued for Local System improvements.

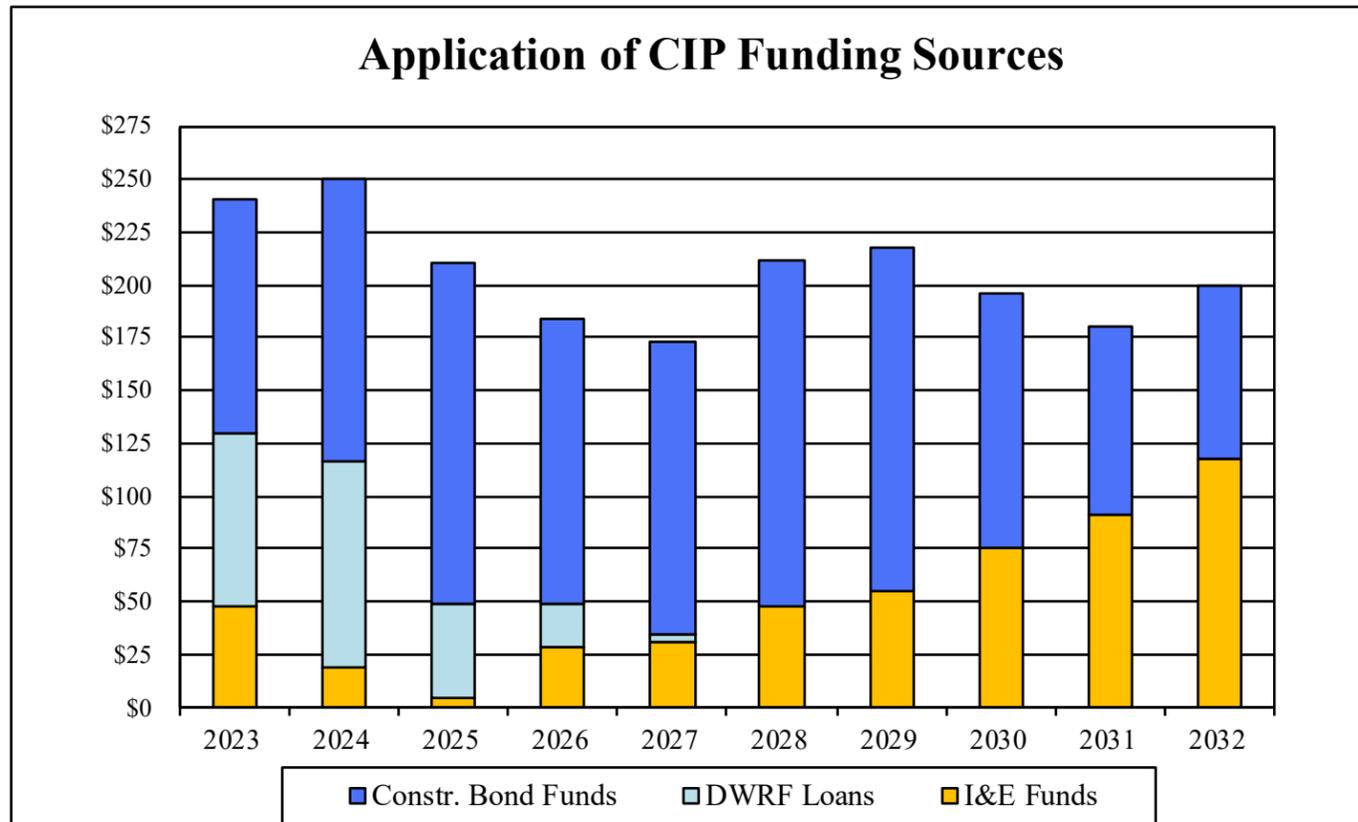
(f) Assumes amounts will be required from future bond proceeds to fund debt service reserve fund.

(g) Line 6 minus Lines 18 through 19.

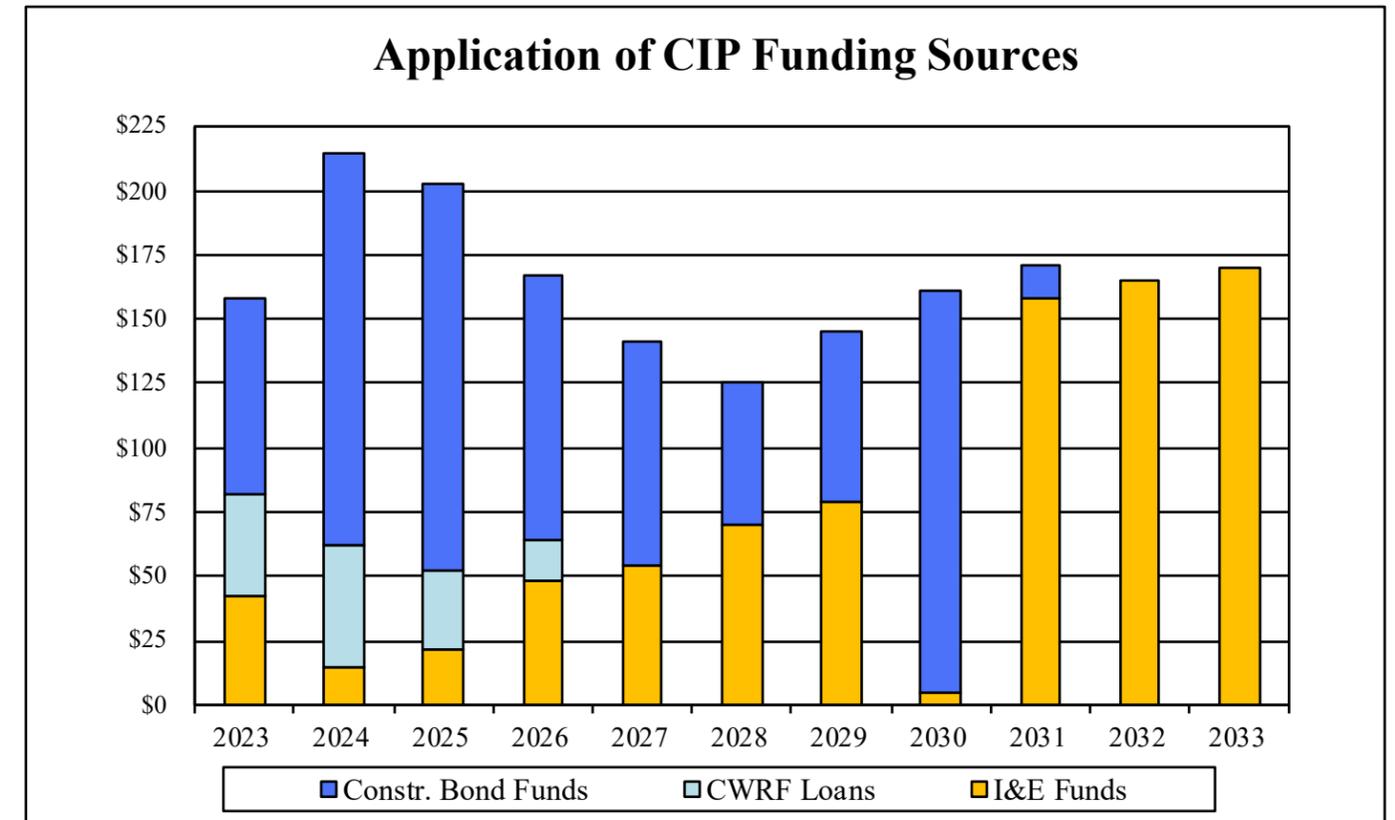
(h) Line 17 minus Line 20.

(i) Total column reflects estimated balance available June 30, 2022.

(j) Total column reflects estimated balance available June 30, 2033.



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
I&E Funds	47.2	19.3	4.9	28.8	31.1	47.5	55.4	75.0	90.8	117.4	139.3
DWRP Loans	82.9	97.1	44.2	20.0	4.0	-	-	-	-	-	-
Constr. Bond Funds	111.1	134.4	161.0	135.2	138.5	164.8	162.3	121.6	89.6	82.4	75.6
<i>I&E Spend % of Total</i>	20%	8%	2%	16%	18%	22%	25%	38%	50%	59%	65%
<i>I&E Deposit % of Tot</i>	13%	12%	5%	16%	18%	23%	25%	39%	50%	60%	65%



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
I&E Funds	42.4	15.0	21.4	48.7	54.6	69.8	79.0	4.7	157.9	164.6	170.4
CWRP Loans	39.8	47.3	31.1	15.0	-	-	-	-	-	-	-
Constr. Bond Funds	75.7	151.8	150.0	103.1	86.9	55.6	66.1	156.0	12.8	-	-
<i>I&E Spend % of Total</i>	27%	7%	11%	29%	39%	56%	54%	3%	93%	100%	100%
<i>I&E Deposit % of Tot</i>	20%	14%	18%	33%	42%	58%	57%	65%	71%	83%	89%

Table 4b
DWSD Retail Water System Capital Improvement Program Financing Plan (\$ millions)

Line No.	Fiscal Year Ended June 30,												
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total	
Financing Requirements													
1	DWSD Local System CIP	72.5	107.7	105.0	63.7	52.4	54.0	50.0	50.0	50.0	50.0	50.0	705.3
Financing Sources													
<u>DWSD Local System Improvement and Extension Account</u>													
2	Beginning Balance (a)	45.1	42.3	42.2	27.7	22.7	22.9	23.0	22.6	23.7	22.6	22.7	45.1 (e)
3	Deposits from Lease Payment (b)	19.7	22.5	21.5	22.5	20.2	20.5	19.6	20.6	19.9	21.1	21.2	229.4
4	Deposits from DWSD Local System Revenues	-	0.4	-	-	-	-	-	-	-	-	-	0.4
5	Subtotal - Improvement & Extension Fund	64.8	65.2	63.7	50.2	42.9	43.5	42.6	43.2	43.6	43.7	43.9	274.9
<u>Construction Bond Funds</u>													
6	Beginning Balance (a)	77.8	49.9	20.3	39.0	26.7	49.5	26.2	46.5	26.1	47.4	28.6	77.8 (e)
7	Net Bond Proceeds	-	-	30.0	-	45.0	-	40.0	-	40.0	-	25.0	180.0
8	State Drinking Water Revolving Fund Loan Draws	-	17.0	26.0	23.8	10.0	10.0	10.0	10.0	10.0	10.0	10.0	136.8
9	Grant Reimbursements	22.0	38.0	31.7	-	-	-	-	-	-	-	-	91.7
10	Investment Income	0.2	-	0.0	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	1.8
11	Subtotal - Construction Bond Funds	99.9	104.9	108.0	62.9	81.9	59.7	76.5	56.6	76.4	57.6	63.7	488.0
12	Total Financing Sources Available	164.8	170.1	171.7	113.1	124.8	103.2	119.1	99.8	120.0	101.2	107.6	762.9
Application of Financing Sources													
13	Project Expenditures from I&E Funds	22.5	23.0	36.0	27.5	20.0	20.5	20.0	19.5	21.0	21.0	21.0	252.0
14	Project Expenditures from Construction Funds	50.0	84.7	69.0	36.2	32.4	33.5	30.0	30.5	29.0	29.0	29.0	453.3
15	Total Financing Sources Applied	72.5	107.7	105.0	63.7	52.4	54.0	50.0	50.0	50.0	50.0	50.0	705.3
Financing Sources Available for Future Requirements													
16	Improvement & Extension Fund (c)	42.3	42.2	27.7	22.7	22.9	23.0	22.6	23.7	22.6	22.7	22.9	22.9 (f)
17	Construction Bond Funds (d)	49.9	20.3	39.0	26.7	49.5	26.2	46.5	26.1	47.4	28.6	34.7	34.7 (f)
18	Financing Sources Available for Future Req'ts	92.3	62.5	66.6	49.4	72.5	49.2	69.1	49.8	70.0	51.2	57.6	57.6 (f)

(a) Estimated allocated balance available June 30, 2022 (applies only to FY 2023).

(b) Total Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	247.5
less: Lease Payment applied to Debt Service	(2.8)	-	(1.0)	(0.0)	(2.3)	(2.0)	(2.9)	(1.9)	(2.6)	(1.4)	(1.3)	(1.3)	(18.1)
Net Lease Payment transferred to Local I&E Account	19.7	22.5	21.5	22.5	20.2	20.5	19.6	20.6	19.9	21.1	21.2	21.2	229.4

(c) Line 5 minus Line 13.

(d) Line 11 minus Line 14.

(e) Total column reflects estimated balance available June 30, 2022.

(f) Total column reflects estimated balance available June 30, 2032.

Table 4b
DWSD Retail Sewer System Capital Improvement Program Financing Plan (\$ millions)

Line No.	Fiscal Year Ended June 30,												
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total	
Financing Requirements													
1	DWSD Local System CIP	43.1	57.0	47.8	50.5	47.1	46.6	45.0	45.0	45.0	45.0	45.0	517.0
Financing Sources													
<u>DWSD Local System Improvement and Extension Account</u>													
2	Beginning Balance (a)	29.1	27.6	31.6	43.7	37.1	36.6	35.6	35.6	34.6	32.6	28.7	29.1 (e)
3	Deposits from Lease Payment (b)	23.2	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	298.2
4	Deposits from DWSD Local System Revenues	-	1.5	0.2	3.5	6.1	8.2	7.5	6.6	5.4	3.6	1.8	44.3
5	Subtotal - Improvement & Extension Fund	52.2	56.6	59.3	74.7	70.7	72.3	70.6	69.6	67.6	63.7	58.0	371.5
<u>Construction Bond Funds</u>													
6	Beginning Balance (a)	46.1	38.5	19.8	-	-	-	-	-	-	-	-	46.1 (e)
7	Net Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-	0.0
8	State Clean Water Revolving Fund Loan Draws	4.0	3.4	5.0	5.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	87.4
9	Grant Reimbursements	6.7	9.7	7.5	7.9	2.9	-	-	-	-	-	-	34.7
10	Investment Income	0.2	0.1	-	-	-	-	-	-	-	-	-	0.3
11	Subtotal - Construction Bond Funds	57.0	51.8	32.2	12.9	12.9	10.0	10.0	10.0	10.0	10.0	10.0	168.5
12	Total Financing Sources Available	109.2	108.3	91.5	87.6	83.6	82.3	80.6	79.6	77.6	73.7	68.0	540.0
Application of Financing Sources													
13	Project Expenditures from I&E Funds	24.7	25.0	15.6	37.6	34.1	36.6	35.0	35.0	35.0	35.0	35.0	348.5
14	Project Expenditures from Construction Funds	18.4	32.0	32.2	12.9	12.9	10.0	10.0	10.0	10.0	10.0	10.0	168.5
15	Total Financing Sources Applied	43.1	57.0	47.8	50.5	47.1	46.6	45.0	45.0	45.0	45.0	45.0	517.0
Financing Sources Available for Future Requirements													
16	Improvement & Extension Fund (c)	27.6	31.6	43.7	37.1	36.6	35.6	35.6	34.6	32.6	28.7	23.0	23.0 (f)
17	Construction Bond Funds (d)	38.5	19.8	-	-	-	-	-	-	-	-	-	- (f)
18	Total Financing Sources Available for Future Req'ts	66.1	51.4	43.7	37.1	36.6	35.6	35.6	34.6	32.6	28.7	23.0	23.0 (f)

(a) Estimated allocated balance available June 30, 2022. (applies only to FY 2023).

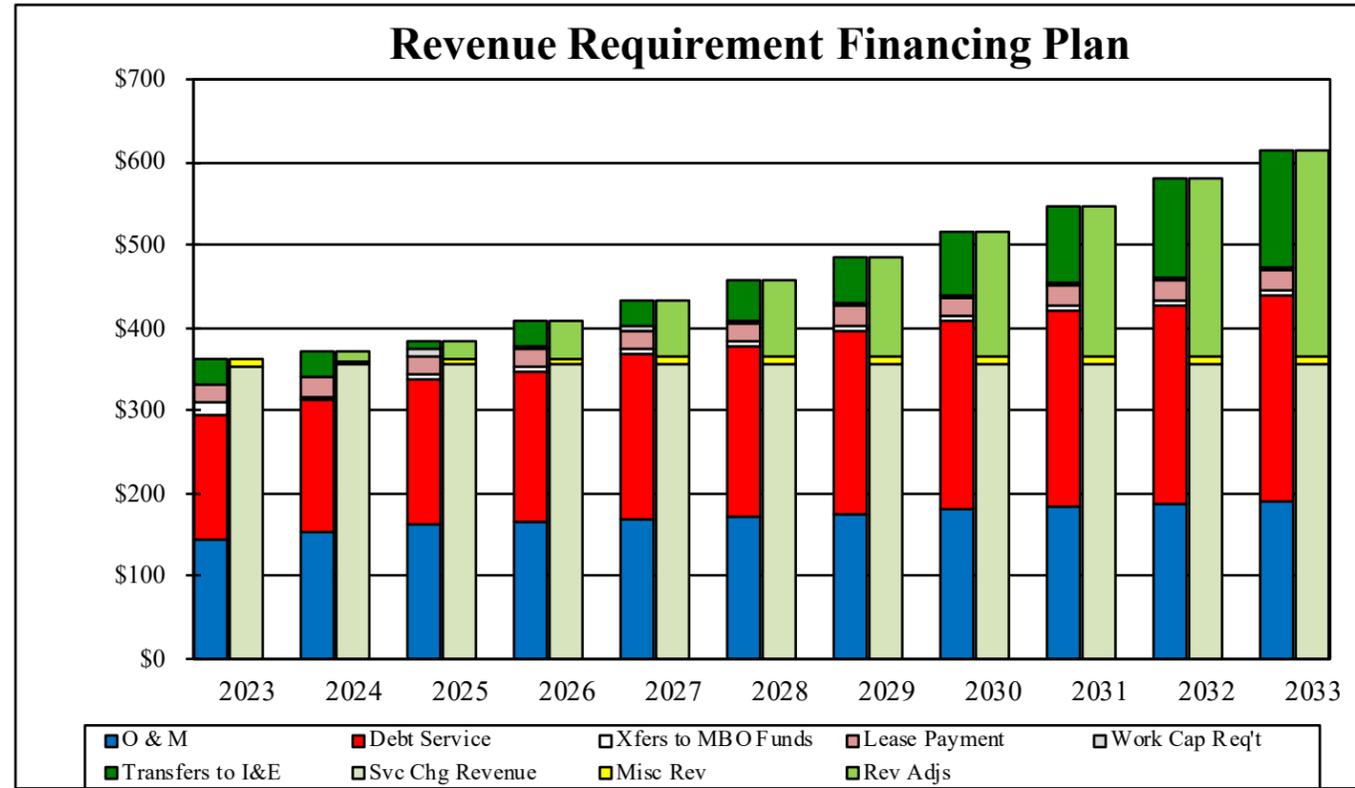
(b) Total Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	302.5
less: Lease Payment applied to Debt Service	(4.3)	-	-	-	-	-	-	-	-	-	-	-	(4.3)
Net Lease Payment transferred to Local I&E Account	23.2	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	298.2

(c) Line 5 minus Line 13.

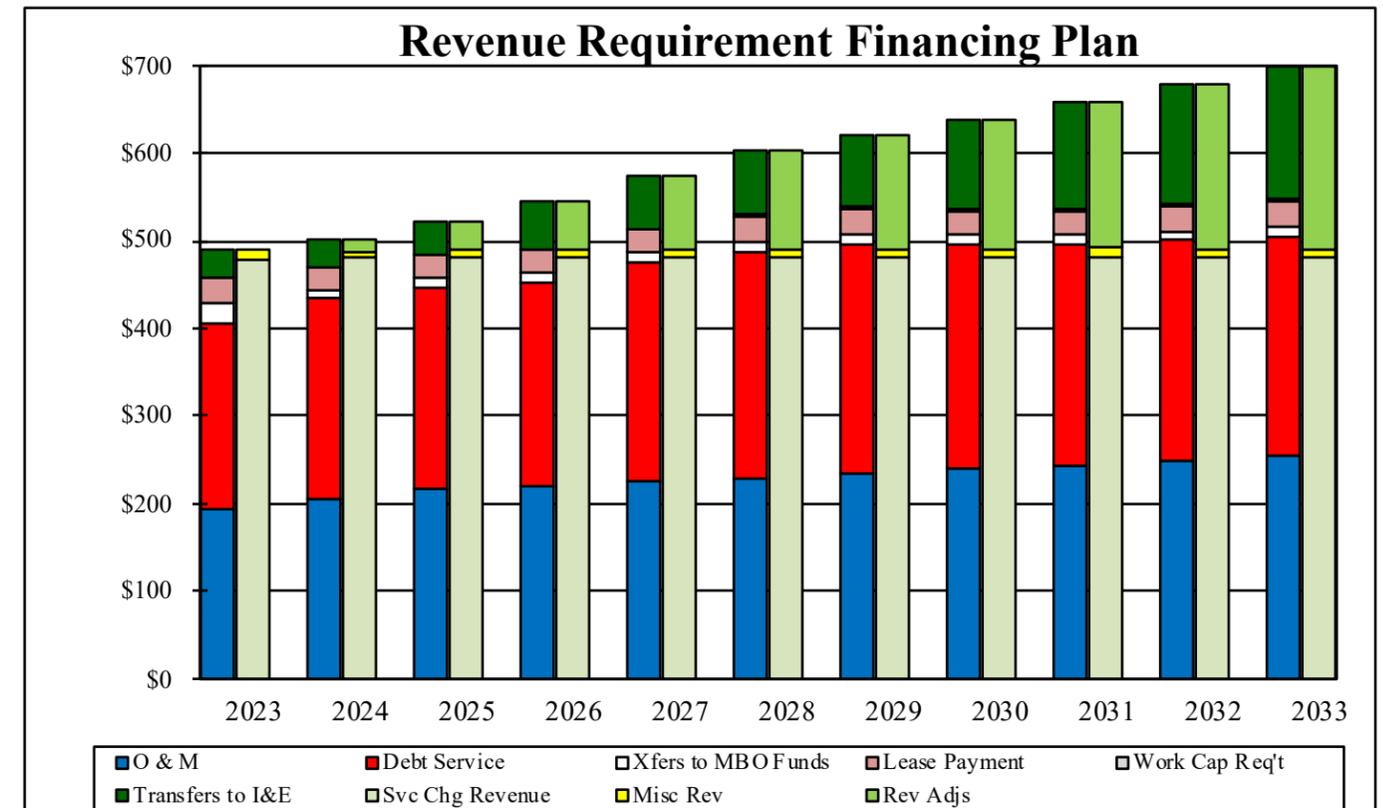
(d) Line 11 minus Line 14.

(e) Total column reflects estimated balance available June 30, 2022.

(f) Total column reflects estimated balance available June 30, 2032.



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
REVENUE											
Svc. Chg. Revenue	353.7	356.3	356.3	356.3	356.3	356.3	356.3	356.3	356.3	356.3	356.3
Charge Adjustments		2.8%	3.2%	6.1%							
Revenue from Adjs		9.8	21.5	44.5	68.8	94.7	122.1	151.3	182.2	215.2	250.0
Other	8.1	4.2	7.4	7.5	7.7	7.7	7.9	7.8	7.9	7.7	7.6
Total Revenue	361.8	370.3	385.1	408.2	432.7	458.7	486.2	515.4	546.3	579.1	613.8
BUDGET											
O&M Expense	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
Debt Service	150.2	159.5	175.2	182.0	198.4	205.5	221.1	227.5	238.6	240.8	249.2
Xfers to MBO Funds	14.1	5.2	6.1	6.2	6.1	6.1	6.2	6.3	6.5	6.6	6.7
Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Work Cap Req't	0.0	0.0	7.9	2.6	5.9	3.0	5.2	3.0	4.7	2.6	4.2
Transfers to I&E	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
Total Rev Req'ts	361.8	370.3	385.1	408.2	432.7	458.7	486.2	515.4	546.3	579.1	613.8
Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
REVENUE											
Svc. Chg. Revenue	477.4	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0
Charge Adjustments		2.7%	3.5%	5.1%	5.0%	5.1%	3.0%	2.9%	3.0%	3.2%	3.2%
Revenue from Adjs		13.2	30.7	56.7	83.7	112.4	130.4	148.0	166.6	187.3	208.4
Other	11.3	7.5	10.0	10.0	10.3	10.3	10.4	11.4	12.0	11.1	10.4
Total Revenue	488.7	500.6	520.7	546.7	574.0	602.7	620.8	639.4	658.6	678.4	698.7
BUDGET											
O&M Expense	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
Debt Service	210.6	228.3	230.4	231.2	251.6	258.8	263.1	257.1	253.4	252.6	252.5
Xfers to MBO Funds	24.8	9.0	10.8	10.9	10.6	10.5	10.5	10.5	10.5	10.6	10.6
Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
Work Cap Req't	0.0	0.0	0.0	0.0	0.0	3.0	3.5	1.8	2.2	2.8	2.9
Transfers to I&E	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
Total Rev Req'ts	488.7	500.6	520.7	546.7	574.0	602.7	620.8	639.4	658.6	678.4	698.7
Balance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 5a
Wholesale Water System Revenue Requirement Financing Plan (\$ millions)

Line No.	Item	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue (a)												
1	Operating Revenue Under Existing Charges	353.7	356.3	356.3	356.3	356.3	356.3	356.3	356.3	356.3	356.3	356.3
Projected Revenue from Adjustments												
2	FY 2024: 2.8%		9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
3	FY 2025: 3.2%			11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7	11.7
4	FY 2026: 6.1%				23.0	23.0	23.0	23.0	23.0	23.0	23.0	23.0
5	FY 2027: 6.1%					24.3	24.3	24.3	24.3	24.3	24.3	24.3
6	FY 2028: 6.1%						26.0	26.0	26.0	26.0	26.0	26.0
7	FY 2029: 6.1%							27.4	27.4	27.4	27.4	27.4
8	FY 2030: 6.1%								29.2	29.2	29.2	29.2
9	FY 2031: 6.1%									30.9	30.9	30.9
10	FY 2032: 6.1%										33.0	33.0
11	FY 2033: 6.1%											34.8
12	Total Projected Revenue from Water Charges	353.7	366.1	377.8	400.8	425.0	451.0	478.3	507.6	538.5	571.4	606.2
13	Other Revenue	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
14	Non-Operating Revenue	7.9	4.1	7.2	7.3	7.5	7.5	7.7	7.6	7.7	7.5	7.4
15	Total Revenue Available	361.8	370.3	385.1	408.2	432.7	458.7	486.2	515.4	546.3	579.1	613.8
Revenue Requirements												
16	Transfer to GLWA Regional O&M Account	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
17	Transfer to GLWA Pension O&M Account	6.0	-	-	-	-	-	-	-	-	-	-
18	Total O&M Expense	150.9	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
19	Debt Service Allocation - Regional System	150.2	159.5	175.2	182.0	198.4	205.5	221.1	227.5	238.6	240.8	249.2
20	Non-Operating Portion of Pension Obligation	5.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
21	B & C Note Non-Operating Payments	0.9	0.9	1.7	1.6	1.5	1.3	1.3	1.2	1.2	1.2	1.2
22	Transfer to Pension Obligation Payment Fund	6.3	3.4	4.2	4.1	4.0	3.8	3.8	3.8	3.7	3.7	3.7
23	Transfer to WRAP Fund	1.8	1.9	1.9	2.0	2.2	2.3	2.4	2.6	2.7	2.9	3.1
24	Lease Payment to DWSD Local System	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
25	Receiving Fund Working Capital Requirement	-	-	7.9	2.6	5.9	3.0	5.2	3.0	4.7	2.6	4.2
26	Transfer to GLWA Regional I&E Account	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
27	Total Revenue Requirements	361.8	370.3	385.1	408.2	432.7	458.7	486.2	515.4	546.3	579.1	613.8
28	Indicated Balance (Deficiency)	-	-	-	-	-	-	-	-	-	-	-
29	Projected Debt Service Coverage Ratio (Regional)	1.40	1.36	1.27	1.33	1.33	1.39	1.40	1.48	1.52	1.63	1.70
30	Net Revenues (15) - (18)	210.9	217.4	222.3	242.9	263.4	286.1	310.2	335.9	363.2	392.3	423.3
31	Revenues Remaining after Debt Service (30)-(19)	60.7	57.9	47.2	60.9	65.0	80.6	89.1	108.4	124.6	151.5	174.1
32	Applied to MBO Reserve Funds (22,23)	(8.0)	(5.2)	(6.1)	(6.2)	(6.1)	(6.1)	(6.2)	(6.3)	(6.5)	(6.6)	(6.7)
33	Applied as Lease Payment to DWSD (24)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)	(22.5)
34	Maintained as Receiving Fund Working Capital (25)	-	-	(7.9)	(2.6)	(5.9)	(3.0)	(5.2)	(3.0)	(4.7)	(2.6)	(4.2)
35	Available for I&E Fund (31) - (32,33,34)	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7

(a) From Table 3. Based on application of FY 2023 charges for 2023 through 2033.

Table 5a
Wholesale Sewer System Revenue Requirement Financing Plan (\$ millions)

Line No.	Item	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue (a)												
1	Operating Revenue Under Existing Charges	477.4	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0	480.0
Projected Revenue from Adjustments												
2	FY 2024: 2.7%		13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2	13.2
3	FY 2025: 3.5%			17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
4	FY 2026: 5.1%				26.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
5	FY 2027: 5.0%					27.1	27.1	27.1	27.1	27.1	27.1	27.1
6	FY 2028: 5.1%						28.7	28.7	28.7	28.7	28.7	28.7
7	FY 2029: 3.0%							18.0	18.0	18.0	18.0	18.0
8	FY 2030: 2.9%								17.6	17.6	17.6	17.6
9	FY 2031: 3.0%									18.6	18.6	18.6
10	FY 2032: 3.2%										20.7	20.7
11	FY 2033: 3.2%											21.1
12	Total Projected Revenue from Sewer Charges	477.4	493.2	510.6	536.6	563.7	592.4	610.4	628.0	646.6	667.3	688.3
13	Other Revenue	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
14	Non-Operating Revenue	10.9	7.1	9.6	9.6	9.9	9.9	10.0	11.0	11.6	10.7	10.0
15	Total Revenue Available	488.7	500.6	520.7	546.7	574.0	602.7	620.8	639.4	658.6	678.4	698.7
Revenue Requirements												
16	Transfer to GLWA Regional O&M Account	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
17	Transfer to GLWA Pension O&M Account	10.8	-	-	-	-	-	-	-	-	-	-
18	Total O&M Expense	205.6	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
19	Debt Service Allocation - Regional System	210.6	228.3	230.4	231.2	251.6	258.8	263.1	257.1	253.4	252.6	252.5
20	Non-Operating Portion of Pension Obligation	9.7	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
21	B & C Note Non-Operating Payments	2.0	2.0	3.7	3.6	3.3	2.9	2.9	2.8	2.7	2.7	2.6
22	Transfer to Pension Obligation Payment Fund	11.6	6.5	8.2	8.2	7.8	7.4	7.4	7.3	7.2	7.2	7.1
23	Transfer to WRAP Fund	2.4	2.5	2.6	2.7	2.9	3.0	3.1	3.2	3.3	3.4	3.5
24	Lease Payment to DWSD Local System	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
25	Receiving Fund Working Capital Requirement	-	-	-	-	-	3.0	3.5	1.8	2.2	2.8	2.9
26	Transfer to GLWA Regional I&E Account	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
27	Total Revenue Requirements	488.7	500.6	520.7	546.7	574.0	602.7	620.8	639.4	658.6	678.4	698.7
28	Indicated Balance (Deficiency)	-	-	-	-	-	-	-	-	-	-	-
29	Projected Debt Service Coverage Ratio (Regional)	1.34	1.29	1.32	1.41	1.39	1.44	1.47	1.56	1.64	1.70	1.76
30	Net Revenues (15) - (18)	283.1	295.0	304.4	325.4	349.1	373.1	386.6	400.5	414.9	429.8	445.2
31	Revenues Remaining after Debt Service (30)-(19)	72.5	66.7	74.1	94.2	97.4	114.3	123.5	143.5	161.6	177.3	192.7
32	Applied to MBO Reserve Funds (22,23)	(14.0)	(9.0)	(10.8)	(10.9)	(10.6)	(10.5)	(10.5)	(10.5)	(10.5)	(10.6)	(10.6)
33	Applied as Lease Payment to DWSD (24)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)
34	Maintained as Receiving Fund Working Capital (25)	-	-	-	-	-	(3.0)	(3.5)	(1.8)	(2.2)	(2.8)	(2.9)
35	Available for I&E Fund (31) - (32,33,34)	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8

(a) From Table 3. Based on application of FY 2023 charges for 2023 through 2033.

Water Table 5b

Retail System Revenue Requirement Financing Plan

Line No.	Item	Fiscal Year Ending June 30,									
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue (a)											
1	Total Projected Revenue from Water Rates	111.0	114.7	118.6	124.6	130.8	137.4	144.2	151.5	159.0	167.0
2	Non-Operating Revenue	3.9	4.2	4.3	4.5	4.6	4.7	4.9	5.0	5.2	5.3
3	Total Revenue Available	114.9	118.9	123.0	129.0	135.4	142.1	149.1	156.5	164.2	172.3
Revenue Requirements											
4	GLWA Regional System Revenue Requirements	43.5	46.2	47.7	50.6	53.7	57.0	60.4	64.1	68.0	72.2
5	less: Ownership Benefit per Lease	(20.7)	(20.7)	(20.7)	(20.7)	(20.7)	(20.7)	(20.7)	(20.7)	(20.7)	(20.7)
6	Net GLWA Regional System Revenue Requirements	22.8	25.5	27.0	29.9	33.0	36.3	39.7	43.4	47.3	51.5
7	Transfer to DWSD Local O&M Account	42.6	44.8	46.6	48.0	49.4	50.9	52.4	54.0	55.6	57.3
8	Transfer to GLWA Pension O&M Account	4.3	-	-	-	-	-	-	-	-	-
9	Total O&M Expense	46.9	44.8	46.6	48.0	49.4	50.9	52.4	54.0	55.6	57.3
10	Pre-Bifurcation Obligation Payable	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4	33.4
11	Post-Bifurcation Debt Service - Local System	9.3	11.5	13.1	13.9	18.1	19.7	22.7	23.8	26.6	27.8
12	Total Obligation Payable to GLWA	42.7	45.0	46.5	47.3	51.5	53.2	56.1	57.2	60.1	61.2
13	Non-Operating Portion of Pension Obligation	3.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8
14	B & C Note Non-Operating Payments	0.6	0.6	1.2	1.1	1.0	0.9	0.9	0.9	0.9	0.8
15	Transfer to Pension Obligation Payment Fund	4.4	2.4	2.9	2.9	2.8	2.7	2.7	2.7	2.6	2.6
16	Transfer to WRAP Fund	0.8	0.9	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2
17	Transfer to DWSD Local I&E Account	-	0.4	-	-	-	-	-	-	-	-
18	Total Revenue Requirements	117.7	118.9	124.0	129.1	137.7	144.1	152.0	158.4	166.8	173.8
19	Indicated Balance (Deficiency)	(2.8)	-	(1.0)	(0.0)	(2.3)	(2.0)	(2.9)	(1.9)	(2.6)	(1.4)
20	Use of Lease Payment to Meet Obligation Payable	2.8	-	1.0	0.0	2.3	2.0	2.9	1.9	2.6	1.4
21	Adjusted Balance (Deficiency)	-	-	-	-	-	-	-	-	-	-
22	Projected Debt Service Coverage Ratio (Local)	1.06	1.08	1.06	1.08	1.03	1.03	1.02	1.03	1.02	1.04
23	Net Revenues (3) - (6) - (9)	45.2	48.6	49.4	51.1	53.0	54.9	57.0	59.1	61.3	63.6
24	Revenues Remaining after Oblig Payable (23)-(12)	2.5	3.6	2.8	3.8	1.5	1.7	0.9	1.8	1.2	2.4
25	Applied to MBO Reserve Funds (15,16)	(5.3)	(3.3)	(3.8)	(3.9)	(3.8)	(3.7)	(3.7)	(3.8)	(3.8)	(3.8)
26	Available for I&E Fund (17)	-	0.4	-	-	-	-	-	-	-	-

(a) Assumes annual rate increases of 4.0% in FY 2025 and 5.0% starting in FY 2026.

Sewer Table 5b

Retail System Revenue Requirement Financing Plan

Line No.	Item	Fiscal Year Ending June 30,										
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue (a)												
1	Total Projected Revenue from Water Rates	269.6	280.5	288.9	304.4	319.6	335.6	344.0	352.6	361.4	370.5	379.7
2	Non-Operating Revenue	7.6	8.5	8.8	9.0	9.3	9.6	9.9	10.1	10.5	10.8	11.1
3	Total Revenue Available	277.3	289.0	297.6	313.4	328.9	345.2	353.9	362.8	371.9	381.2	390.8
Revenue Requirements												
4	GLWA Regional System Revenue Requirements	196.6	202.1	209.2	219.9	231.0	242.8	250.1	257.3	265.0	273.4	282.1
5	less: Ownership Benefit per Lease	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)	(5.5)
6	Net GLWA Regional System Revenue Requirements	191.0	196.6	203.7	214.4	225.5	237.2	244.6	251.8	259.4	267.9	276.5
7	Transfer to DWSD Local O&M Account	51.4	55.7	57.9	59.7	61.5	63.3	65.2	67.2	69.2	71.3	73.4
8	Transfer to GLWA Pension O&M Account	2.9	-	-	-	-	-	-	-	-	-	-
9	Total O&M Expense	54.3	55.7	57.9	59.7	61.5	63.3	65.2	67.2	69.2	71.3	73.4
10	Pre-Bifurcation Obligation Payable	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3	26.3
11	Post-Bifurcation Debt Service - Local System	5.7	6.0	6.0	6.0	6.1	6.7	6.8	7.4	8.0	8.6	9.2
12	Total Obligation Payable to GLWA	32.0	32.2	32.2	32.3	32.4	32.9	33.1	33.7	34.3	34.9	35.5
13	Non-Operating Portion of Pension Obligation	2.5	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
14	B & C Note Non-Operating Payments	0.5	0.5	1.0	1.0	0.9	0.8	0.8	0.7	0.7	0.7	0.7
15	Transfer to Pension Obligation Payment Fund	3.1	1.7	2.2	2.2	2.1	2.0	1.9	1.9	1.9	1.9	1.9
16	Transfer to WRAP Fund	1.3	1.3	1.4	1.4	1.5	1.6	1.6	1.6	1.7	1.7	1.7
17	Transfer to DWSD Local I&E Account	-	1.5	0.2	3.5	6.1	8.2	7.5	6.6	5.4	3.6	1.8
18	Total Revenue Requirements	281.6	289.0	297.6	313.4	328.9	345.2	353.9	362.8	371.9	381.2	390.8
19	Indicated Balance (Deficiency)	(4.3)	-	-	-	-	-	-	-	-	-	-
20	Use of Lease Payment to Meet Obligation Payable	4.3	-	-	-	-	-	-	-	-	-	-
21	Adjusted Balance (Deficiency)	-	-	-	-	-	-	-	-	-	-	-
22	Projected Debt Service Coverage Ratio (Local)	1.00	1.14	1.12	1.22	1.30	1.36	1.33	1.30	1.26	1.21	1.15
23	Net Revenues (3) - (6) - (9)	32.0	36.8	36.0	39.4	42.0	44.7	44.1	43.8	43.3	42.1	40.9
24	Revenues Remaining after Oblig Payable (23)-(12)	0.0	4.6	3.7	7.1	9.6	11.7	11.0	10.1	9.0	7.2	5.4
25	Applied to MBO Reserve Funds (15,16)	(4.3)	(3.0)	(3.5)	(3.6)	(3.6)	(3.5)	(3.5)	(3.6)	(3.6)	(3.6)	(3.6)
26	Available for I&E Fund (17)	-	1.5	0.2	3.5	6.1	8.2	7.5	6.6	5.4	3.6	1.8

(a) Assumes annual rate increases of 4.0% in FY 2025, 5.0% starting in FY 2026, and 2.5% starting in FY 2029.

**Table 5
Combined Wholesale and Retail Water System Financing Plan and Debt Service Coverage (\$ millions)**

Line No.	Fiscal Year Ended June 30,										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue (a)											
1	353.7	366.1	377.8	400.8	425.0	451.0	478.3	507.6	538.5	571.4	606.2
2	88.2	89.1	91.6	94.7	97.8	101.1	104.5	108.1	111.7	115.5	119.5
3	441.9	455.2	469.4	495.4	522.9	552.1	582.9	615.6	650.2	687.0	725.7
4	4.1	4.4	4.5	4.6	4.8	4.9	5.1	5.2	5.4	5.5	5.7
5	445.9	459.6	473.9	500.1	527.6	557.0	587.9	620.8	655.5	692.5	731.4
6	7.9	4.1	7.2	7.3	7.5	7.5	7.7	7.6	7.7	7.5	7.4
7	453.8	463.7	481.1	507.4	535.2	564.5	595.6	628.5	663.2	700.0	738.8
Revenue Requirements											
8	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
9	42.6	44.8	46.6	48.0	49.4	50.9	52.4	54.0	55.6	57.3	59.0
10	6.0	-	-	-	-	-	-	-	-	-	-
11	4.3	-	-	-	-	-	-	-	-	-	-
12	197.7	197.7	209.4	213.3	218.8	223.5	228.5	233.6	238.8	244.1	249.5
Debt Service - Bond Interest and Redemption Deposits											
Senior Lien Bonds											
13	133.8	136.2	136.5	136.5	136.5	136.8	136.9	136.8	136.9	136.8	126.2
14	-	-	-	-	-	-	-	-	-	-	-
15	-	-	14.3	19.1	38.4	42.9	60.9	65.0	78.3	81.1	91.1
16	133.8	136.2	150.8	155.6	174.9	179.8	197.7	201.8	215.2	218.0	217.2
Second Lien Bonds											
17	50.1	51.8	51.9	51.9	51.9	52.2	52.2	55.0	55.0	55.0	65.7
18	-	-	-	-	-	-	-	-	-	-	-
19	50.1	51.8	51.9	51.9	51.9	52.2	52.2	55.0	55.0	55.0	65.7
20	183.9	188.0	202.7	207.5	226.9	232.0	249.9	256.8	270.2	272.9	282.9
21	9.0	16.5	19.0	21.7	23.0	26.8	27.3	27.9	28.5	29.1	29.7
22	192.9	204.4	221.7	229.3	249.9	258.7	277.2	284.7	298.7	302.1	312.6
23	9.2	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
24	1.5	1.5	2.8	2.8	2.5	2.2	2.2	2.1	2.1	2.0	2.0
25	10.7	5.8	7.1	7.1	6.8	6.5	6.5	6.4	6.4	6.3	6.3
26	2.6	2.7	2.8	3.0	3.1	3.3	3.5	3.7	3.9	4.1	4.3
27	19.7	22.5	21.5	22.5	20.2	20.5	19.6	20.6	19.9	21.1	21.2
28	-	-	7.9	2.6	5.9	3.0	5.2	3.0	4.7	2.6	4.2
Transfers to I&E Fund to Finance Capital Improvements											
29	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
30	-	0.4	-	-	-	-	-	-	-	-	-
31	30.2	30.6	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
32	453.8	463.7	481.1	507.4	535.2	564.5	595.6	628.5	663.2	700.0	738.8
33	-	-	-	-	-	-	-	-	-	-	-
Debt Service Coverage Projections											
34	1.91	1.95	1.80	1.89	1.81	1.90	1.86	1.96	1.97	2.09	2.25
35	1.39	1.42	1.34	1.42	1.39	1.47	1.47	1.54	1.57	1.67	1.73
36	1.33	1.30	1.23	1.28	1.27	1.32	1.32	1.39	1.42	1.51	1.57
37	256.1	266.0	271.7	294.0	316.4	341.1	367.2	394.9	424.5	455.9	489.3
38	63.2	61.6	50.0	64.8	66.5	82.3	90.0	110.2	125.8	153.8	176.7
39	(13.3)	(8.5)	(9.9)	(10.0)	(9.9)	(9.8)	(10.0)	(10.1)	(10.2)	(10.4)	(10.6)
40	(19.7)	(22.5)	(21.5)	(22.5)	(20.2)	(20.5)	(19.6)	(20.6)	(19.9)	(21.1)	(21.2)
41	30.2	30.6	18.6	32.3	36.4	52.0	60.4	79.5	95.6	122.4	144.9

(a) See Table 5a

(b) See Table 5b



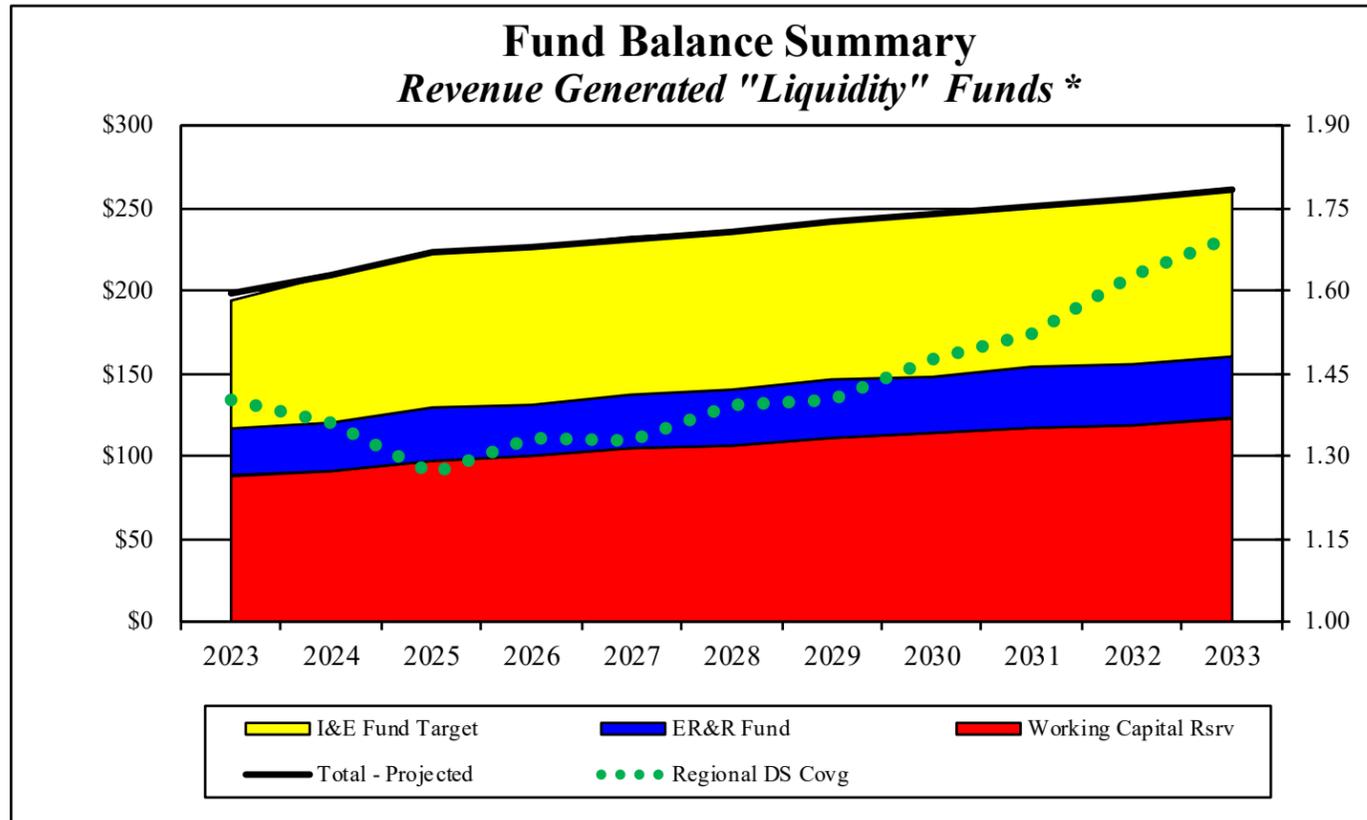
**Table 5
Combined Wholesale and Retail Sewer System Financing Plan and Debt Service Coverage (\$ millions)**

Line No.	Fiscal Year Ended June 30,										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenue (a)											
1	477.4	493.2	510.6	536.6	563.7	592.4	610.4	628.0	646.6	667.3	688.3
2	78.6	83.9	85.1	90.0	94.2	98.4	99.4	100.8	102.0	102.5	103.2
3	556.0	577.1	595.8	626.7	657.9	690.8	709.8	728.8	748.6	769.8	791.5
4	8.0	8.9	9.2	9.4	9.7	10.0	10.3	10.5	10.9	11.2	11.5
5	564.0	586.0	604.9	636.1	667.6	700.8	720.1	739.3	759.4	781.0	803.0
6	10.9	7.1	9.6	9.6	9.9	9.9	10.0	11.0	11.6	10.7	10.0
7	574.9	593.1	614.5	645.7	677.5	710.7	730.1	750.4	771.1	791.7	813.0
Revenue Requirements											
8	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
9	51.4	55.7	57.9	59.7	61.5	63.3	65.2	67.2	69.2	71.3	73.4
10	10.8	-	-	-	-	-	-	-	-	-	-
11	2.9	-	-	-	-	-	-	-	-	-	-
12	259.9	261.3	274.2	280.9	286.4	292.9	299.4	306.1	312.8	319.8	326.9
Debt Service - Bond Interest and Redemption Deposits											
Senior Lien Bonds											
13	150.7	155.4	152.4	154.0	154.6	158.0	165.6	155.6	155.1	168.6	165.5
14	-	-	-	-	-	-	-	-	-	-	-
15	-	-	11.1	14.8	31.4	35.4	40.3	40.3	40.3	40.3	40.3
16	150.7	155.4	163.5	168.7	185.9	193.5	206.0	195.9	195.4	208.9	205.8
Second Lien Bonds											
17	39.8	53.3	53.6	56.7	60.4	60.1	52.0	63.6	63.6	49.6	52.5
18	-	-	-	-	-	-	-	-	-	-	-
19	39.8	53.3	53.6	56.7	60.4	60.1	52.0	63.6	63.6	49.6	52.5
20	190.6	208.7	217.1	225.5	246.3	253.6	257.9	259.5	259.0	258.5	258.3
21	52.0	51.8	45.5	38.1	37.7	38.2	38.3	31.2	28.6	29.0	29.6
22	242.6	260.5	262.6	263.5	284.0	291.8	296.2	290.7	287.6	287.5	288.0
23	12.2	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7
24	2.5	2.5	4.7	4.6	4.1	3.7	3.6	3.5	3.5	3.4	3.3
25	14.7	8.2	10.4	10.3	9.8	9.4	9.3	9.2	9.2	9.1	9.0
26	3.7	3.8	4.0	4.2	4.4	4.6	4.7	4.8	4.9	5.1	5.2
27	23.2	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
28	-	-	-	-	-	3.0	3.5	1.8	2.2	2.8	2.9
Transfers to I&E Fund to Finance Capital Improvements											
29	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
30	-	1.5	0.2	3.5	6.1	8.2	7.5	6.6	5.4	3.6	1.8
31	31.0	31.7	35.9	59.3	65.3	81.5	89.5	110.2	126.8	140.0	153.5
32	574.9	593.1	614.5	645.7	677.5	710.7	730.1	750.4	771.1	791.7	813.0
33	-	-	-	-	-	-	-	-	-	-	-
Debt Service Coverage Projections											
34	2.09	2.13	2.08	2.16	2.10	2.16	2.09	2.27	2.34	2.26	2.36
35	1.65	1.59	1.57	1.62	1.59	1.65	1.67	1.71	1.77	1.83	1.88
36	1.30	1.27	1.30	1.38	1.38	1.43	1.45	1.53	1.59	1.64	1.69
37	315.0	331.8	340.4	364.8	391.1	417.8	430.7	444.3	458.2	471.9	486.1
38	72.5	71.2	77.8	101.3	107.0	126.0	134.5	153.6	170.6	184.4	198.1
39	(18.4)	(12.0)	(14.4)	(14.5)	(14.2)	(14.0)	(14.0)	(14.1)	(14.1)	(14.1)	(14.2)
40	(23.2)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)
41	31.0	31.7	35.9	59.3	65.3	84.5	93.0	112.0	129.0	142.8	156.4

(a) See Table 5a

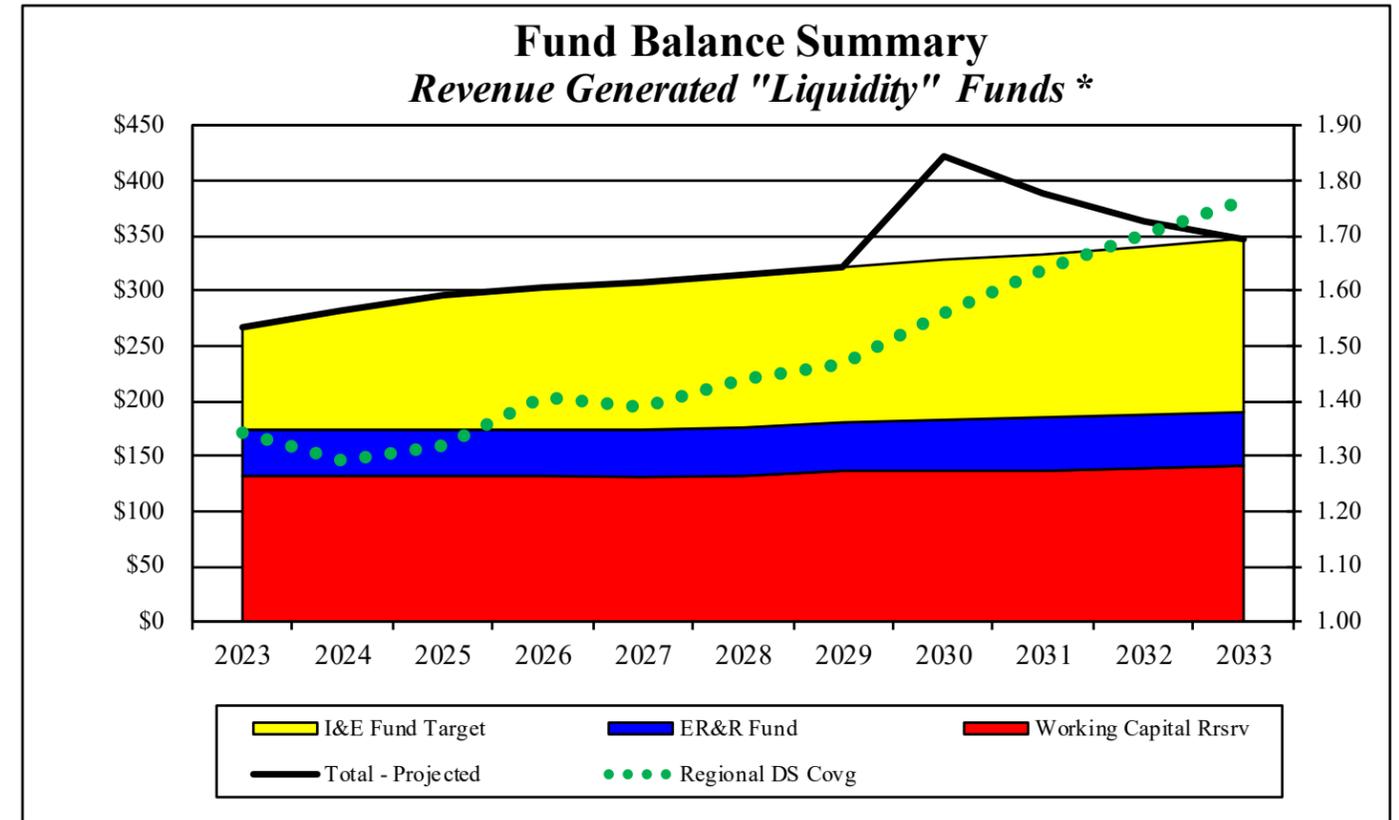
(b) See Table 5b





	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Fund Balance Min. Targets											
Working Capital Rsrv	88.7	90.9	97.6	99.6	104.7	107.0	111.4	113.7	117.6	119.4	122.8
ER&R Fund	28.1	29.6	31.4	32.0	32.8	33.5	34.3	35.0	35.8	36.6	37.4
I&E Fund Target	77.3	88.4	94.0	94.9	94.5	95.9	95.4	97.2	97.5	99.9	100.8
Total - Minimums	194.1	208.9	223.0	226.5	232.0	236.4	241.1	245.9	250.9	255.9	261.0
Projections											
Working Capital Rsrv	93.0	91.5	97.6	99.6	104.7	107.0	111.4	113.7	117.6	119.4	122.8
ER&R Fund	28.1	29.6	31.4	32.0	32.8	33.5	34.3	35.0	35.8	36.6	37.4
I&E Fund	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7	101.0
Total - Projected	198.5	209.4	223.1	226.6	231.8	236.3	241.3	245.9	250.7	255.7	261.2
<i>Projected > Target</i>	<i>4.4</i>	<i>0.6</i>	<i>0.1</i>	<i>0.1</i>	<i>(0.1)</i>	<i>(0.1)</i>	<i>0.2</i>	<i>(0.0)</i>	<i>(0.1)</i>	<i>(0.2)</i>	<i>0.3</i>
Days Cash Ratio	500										
Regional DS Covg	1.40	1.36	1.27	1.33	1.33	1.39	1.40	1.48	1.52	1.63	1.70

* Revenue Generated Funds only. Excludes Debt Service Reserve & Construction Funds (Bond Generated) & "Pass Thru" Funds such as Debt Service Payment Funds, WRAP, etc.



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Fund Balance Minimums											
Working Capital Rsrv	131.9	131.9	131.9	131.8	130.9	133.0	135.5	136.3	137.5	139.2	141.1
ER&R Fund	42.0	42.0	42.0	42.1	43.0	43.9	44.9	45.9	46.9	48.0	49.0
I&E Fund Target	93.0	107.8	122.3	129.2	134.3	137.6	140.4	145.0	149.4	153.3	157.2
Total - Minimums	266.9	281.7	296.2	303.1	308.2	314.5	320.8	327.2	333.8	340.5	347.3
Projections											
Working Capital Rsrv	131.9	131.9	131.9	131.8	130.9	133.0	135.5	136.3	137.5	139.2	141.1
ER&R Fund	42.0	42.0	42.0	42.1	43.0	43.9	44.9	45.9	46.9	48.0	49.0
I&E Fund	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9	156.2
Total - Projected	266.7	281.9	296.2	303.4	308.1	314.5	321.1	421.8	387.5	362.1	346.3
<i>Projected > Target</i>	<i>(0.2)</i>	<i>0.2</i>	<i>0.0</i>	<i>0.3</i>	<i>(0.1)</i>	<i>0.0</i>	<i>0.2</i>	<i>94.6</i>	<i>53.7</i>	<i>21.6</i>	<i>(1.0)</i>
Days Cash Ratio	500	645	580	532	499						
Regional DS Covg	1.34	1.29	1.32	1.41	1.39	1.44	1.47	1.56	1.64	1.70	1.76

* Revenue Generated Funds only. Excludes Debt Service Reserve & Construction Funds (Bond Generated) & "Pass Thru" Funds such as Debt Service Payment Funds, WRAP, etc.

Table 6
Projected Cash and Investment Fund Balances - Wholesale Water System (\$ millions) (a)

Line No.	Fiscal Year Ended June 30,										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Working Capital Reserve (b)											
1	93.6	93.0	91.5	97.6	99.6	104.7	107.0	111.4	113.7	117.6	119.4
2	(0.6)	(1.5)	(1.8)	(0.6)	(0.8)	(0.7)	(0.8)	(0.7)	(0.8)	(0.8)	(0.8)
3	-	-	7.9	2.6	5.9	3.0	5.2	3.0	4.7	2.6	4.2
4	93.0	91.5	97.6	99.6	104.7	107.0	111.4	113.7	117.6	119.4	122.8
Budget Stabilization Fund (a)											
5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
6	-	-	-	-	-	-	-	-	-	-	-
7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
ER&R Fund (a)											
8	27.5	28.1	29.6	31.4	32.0	32.8	33.5	34.3	35.0	35.8	36.6
9	0.6	1.5	1.8	0.6	0.8	0.7	0.8	0.7	0.8	0.8	0.8
10	28.1	29.6	31.4	32.0	32.8	33.5	34.3	35.0	35.8	36.6	37.4
I&E Fund (c)											
11	94.5	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7
12	(15.5)	(11.5)	(9.7)	(8.0)	(7.8)	(7.2)	(7.4)	(7.5)	(7.7)	(7.8)	(8.0)
13	(31.8)	(7.7)	4.8	(20.8)	(23.3)	(40.3)	(48.0)	(67.5)	(83.1)	(109.6)	(131.3)
14	47.3	58.2	83.4	65.3	63.9	46.9	40.4	20.7	6.4	(20.1)	(39.6)
15	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
16	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7	101.0
Total Revenue Generated Funds (d)											
17	217.6	200.5	211.4	225.1	228.6	233.8	238.3	243.3	247.9	252.7	257.7
18	(17.1)	10.9	13.6	3.5	5.3	4.5	5.0	4.6	4.8	4.9	5.6
19	200.5	211.4	225.1	228.6	233.8	238.3	243.3	247.9	252.7	257.7	263.2
20	500	500	500	500	500	500	500	500	500	500	500
Other Funds											
21	4.5	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
22	141.8	9.2	182.1	49.7	212.8	51.2	166.2	47.3	130.3	50.2	118.8
23	346.8	225.8	412.3	283.4	451.7	294.6	414.7	300.3	388.1	312.9	387.1
24	205.0	216.5	230.2	233.7	238.9	243.4	248.4	253.0	257.8	262.8	268.3

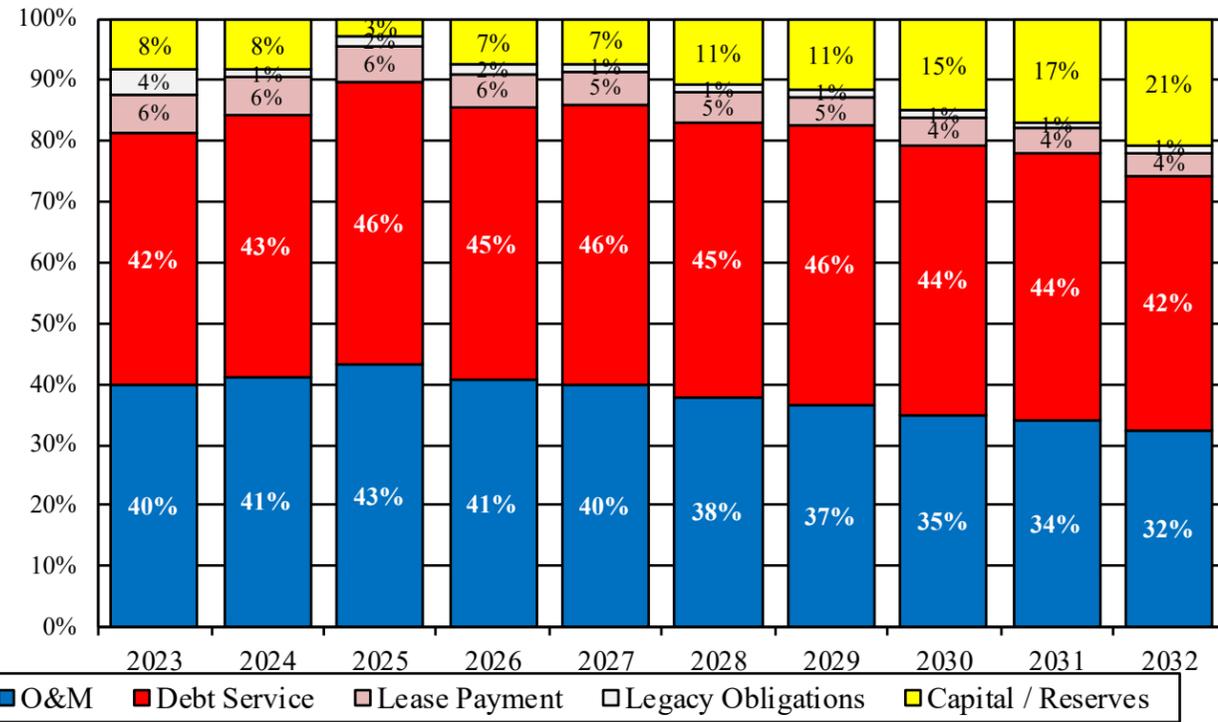
- (a) Technically includes "Combined System" amounts held by GLWA.
- (b) Represents Operating Reserve and amounts maintained in the Receiving Fund for subsequent MBO transfers.
- (c) Only includes GLWA Regional I&E Account. Does not include Lease Payment transferred to DWSD Local I&E Account.
- (d) Excludes MBO Funds that are funded and assumed to be fully expended each year, such as the Bond Interest and Redemption Funds, the Pension Obligation Payment Fund, and the WRAP Fund.
- (e) Excludes Budget Stabilization Fund amounts from Line 7.

Table 6
Projected Cash and Investment Fund Balances - Wholesale Sewer System (\$ millions) (a)

Line No.	Fiscal Year Ended June 30,										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Working Capital Reserve (b)											
1	131.9	131.9	131.9	131.9	131.8	130.9	133.0	135.5	136.3	137.5	139.2
2	-	-	-	(0.1)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(1.1)	(1.0)
3	-	-	-	-	-	3.0	3.5	1.8	2.2	2.8	2.9
4	131.9	131.9	131.9	131.8	130.9	133.0	135.5	136.3	137.5	139.2	141.1
Budget Stabilization Fund (a)											
5	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
6	-	-	-	-	-	-	-	-	-	-	-
7	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
ER&R Fund (a)											
8	42.0	42.0	42.0	42.0	42.1	43.0	43.9	44.9	45.9	46.9	48.0
9	-	-	-	0.1	0.9	0.9	1.0	1.0	1.0	1.1	1.0
10	42.0	42.0	42.0	42.1	43.0	43.9	44.9	45.9	46.9	48.0	49.0
I&E Fund (c)											
11	104.3	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9
12	(18.4)	(15.0)	(12.4)	(7.8)	(7.7)	(9.2)	(9.4)	(9.6)	(9.8)	(10.0)	(10.2)
13	(24.0)	-	(9.0)	(40.9)	(46.9)	(60.6)	(69.6)	4.9	(148.1)	(154.6)	(160.2)
14	61.9	77.8	86.6	73.6	74.9	64.3	58.7	135.9	81.7	38.5	4.4
15	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
16	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9	156.2
Total Revenue Generated Funds (d)											
17	283.2	271.7	286.9	301.2	308.4	313.1	319.5	326.1	426.8	392.5	367.1
18	(11.5)	15.2	14.3	7.1	4.7	6.5	6.5	100.8	(34.3)	(25.4)	(15.8)
19	271.7	286.9	301.2	308.4	313.1	319.5	326.1	426.8	392.5	367.1	351.3
20	500	500	500	500	500	500	500	645	580	532	499
Other Funds											
21	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0	21.0
22	170.5	21.1	152.6	52.0	277.0	227.6	166.4	12.6	0.0	0.0	0.0
23	463.2	329.0	474.8	381.3	611.0	568.2	513.5	460.5	413.5	388.1	372.3
24	292.7	307.9	322.2	329.4	334.1	340.5	347.1	447.8	413.5	388.1	372.3

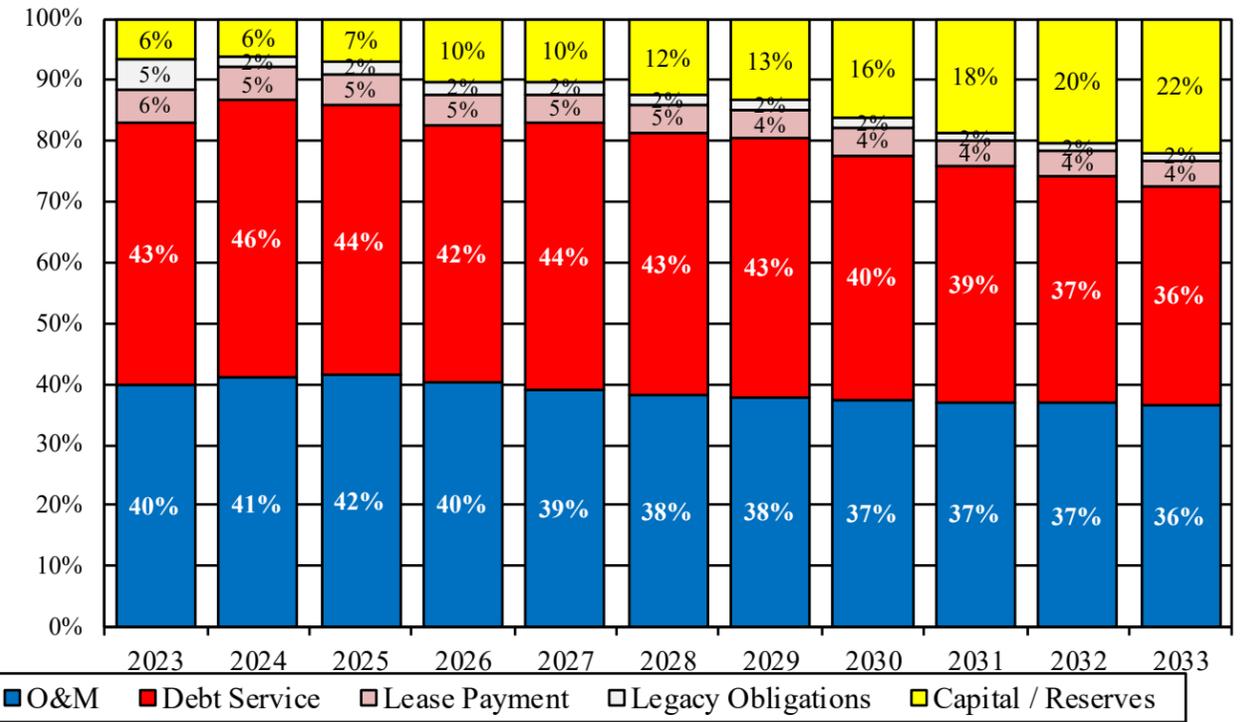
- (a) Technically includes "Combined System" amounts held by GLWA.
- (b) Represents Operating Reserve and amounts maintained in the Receiving Fund for subsequent MBO transfers.
- (c) Only includes GLWA Regional I&E Account. Does not include Lease Payment transferred to DWSD Local I&E Account.
- (d) Excludes MBO Funds that are funded and assumed to be fully expended each year, such as the Bond Interest and Redemption Funds, the Pension Obligation Payment Fund, and the WRAP Fund.
- (e) Excludes Budget Stabilization Fund amounts from Line 7.

Relative Revenue Requirement Distribution

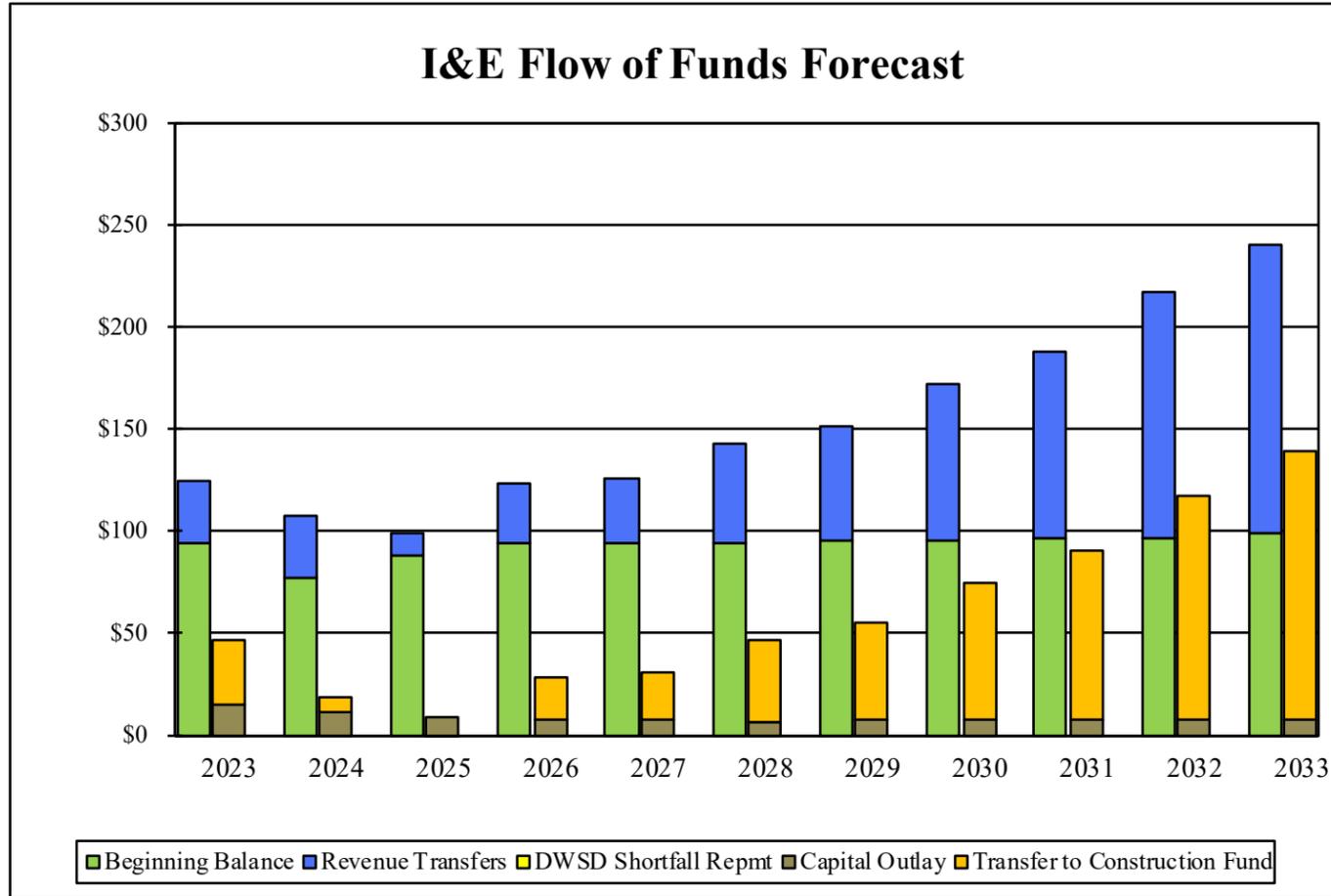


	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
O&M	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
Debt Service	150.2	159.5	175.2	182.0	198.4	205.5	221.1	227.5	238.6	240.8	249.2
Lease Payment	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5	22.5
Legacy Obligations	14.1	5.2	6.1	6.2	6.1	6.1	6.2	6.3	6.5	6.6	6.7
Capital / Reserves	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
Total	361.8	370.3	377.2	405.6	426.8	455.7	481.0	512.4	541.6	576.5	609.6

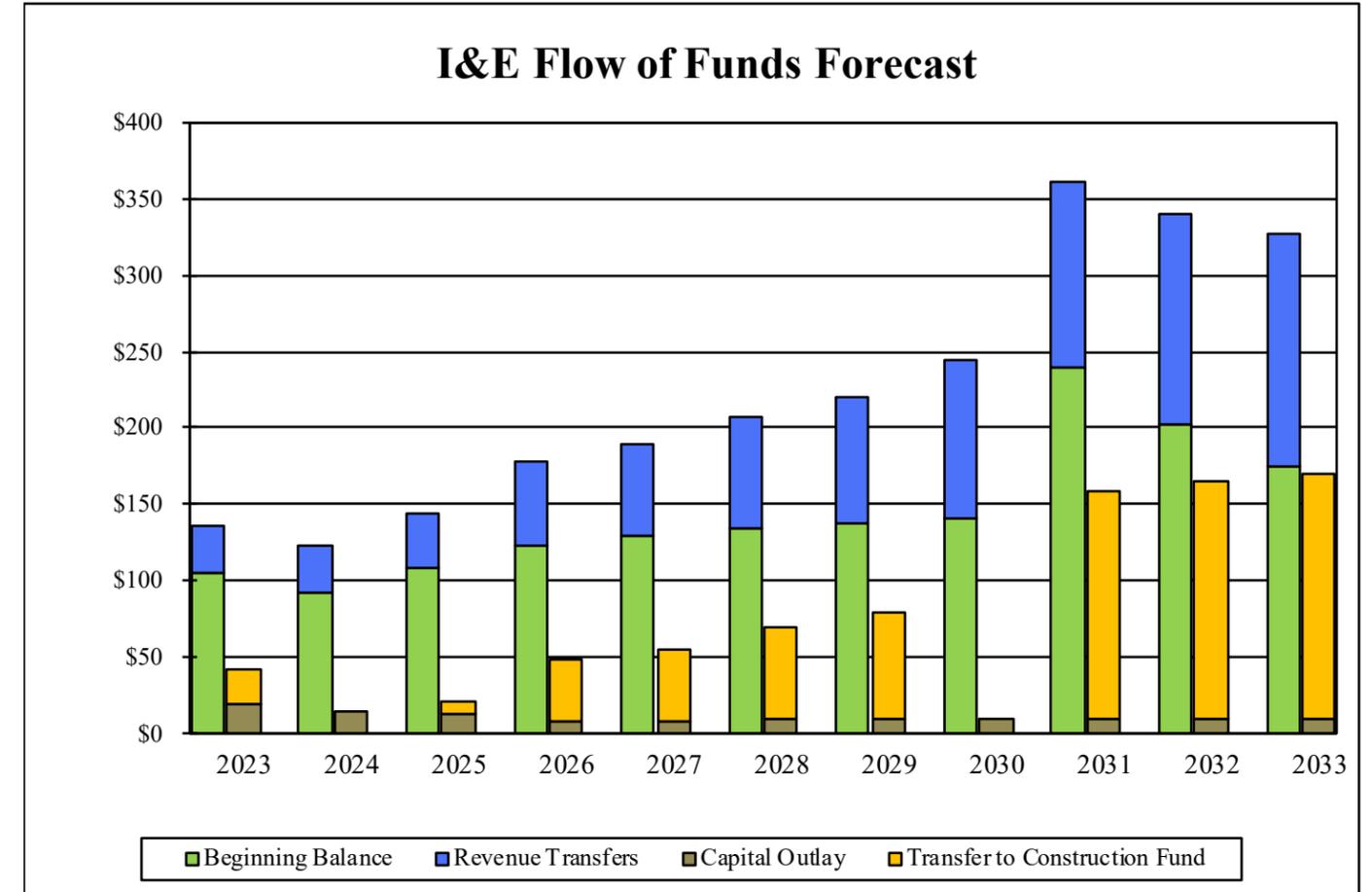
Relative Revenue Requirement Distribution



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
O&M	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
Debt Service	210.6	228.3	230.4	231.2	251.6	258.8	263.1	257.1	253.4	252.6	252.5
Lease Payment	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
Legacy Obligations	24.8	9.0	10.8	10.9	10.6	10.5	10.5	10.5	10.5	10.6	10.6
Capital / Reserves	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
Total	488.7	500.6	520.7	546.7	574.0	599.7	617.3	637.6	656.4	675.6	695.8



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	94.5	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7
Capital Outlay	(15.5)	(11.5)	(9.7)	(8.0)	(7.8)	(7.2)	(7.4)	(7.5)	(7.7)	(7.8)	(8.0)
Transfer to Constr	(31.8)	(7.7)	4.8	(20.8)	(23.3)	(40.3)	(48.0)	(67.5)	(83.1)	(109.6)	(131.3)
Initial Balance	47.3	58.2	83.4	65.3	63.9	46.9	40.4	20.7	6.4	(20.1)	(39.6)
Revenue Transfers	30.2	30.2	10.7	29.7	30.5	49.0	55.2	76.5	90.9	119.8	140.7
Ending Balance	77.4	88.3	94.1	95.0	94.3	95.8	95.6	97.2	97.3	99.7	101.0



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Balance	104.3	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9
Capital Outlay	(18.4)	(15.0)	(12.4)	(7.8)	(7.7)	(9.2)	(9.4)	(9.6)	(9.8)	(10.0)	(10.2)
Transfer to Constr	(24.0)	0.0	(9.0)	(40.9)	(46.9)	(60.6)	(69.6)	4.9	(148.1)	(154.6)	(160.2)
Initial Balance	61.9	77.8	86.6	73.6	74.9	64.3	58.7	135.9	81.7	38.5	4.4
Revenue Transfers	31.0	30.2	35.7	55.8	59.3	73.3	82.0	103.7	121.4	136.4	151.8
Ending Balance	92.8	108.0	122.3	129.5	134.2	137.6	140.7	239.6	203.1	174.9	156.2

Table 7a
Reported Statement of Changes in Net Position (\$ millions)

Line No.	Fiscal Year Ended June 30,						
	Actual						
	2016	2017	2018	2019	2020	2021	2022
1	167.7	351.7	338.3	331.6	334.3	344.6	345.0
2	49.5	101.7	108.5	119.8	132.5	123.6	137.8
3	71.3	144.1	146.1	144.1	130.7	126.8	126.8
4	120.8	245.9	254.6	264.0	263.3	250.5	264.6
5	46.8	105.9	83.7	67.6	71.0	94.1	80.4
Nonoperating revenue (expenses)							
6	0.4	1.8	6.1	14.8	13.7	0.8	2.4
7	(56.5)	(113.7)	(118.2)	(114.2)	(111.3)	(106.3)	(103.6)
8	5.2	6.4	4.4	15.3	7.0	10.5	13.6
9	-	(32.8)	-	-	-	-	-
10	(4.1)	(32.4)	(24.0)	(16.4)	(19.5)	(0.9)	(7.3)
11	-	(4.1)	(36.5)	(60.4)	(76.9)	(96.4)	(97.3)
12	(4.1)	(36.5)	(60.4)	(76.9)	(96.4)	(97.3)	(104.5)

Table 7b
Forecasted Statement of Changes in Net Position (\$ millions)

Line No.	Fiscal Year Ended June 30,										
	Forecasted										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1	360.5	372.9	384.6	407.6	431.8	457.8	485.2	514.4	545.3	578.2	613.1
2	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
3	130.0	137.7	119.8	99.7	99.4	97.4	100.3	103.9	102.7	101.0	104.0
4	274.9	290.6	282.6	265.1	268.7	270.0	276.3	283.5	285.8	287.7	294.5
5	85.7	82.3	102.0	142.5	163.1	187.8	208.8	230.9	259.5	290.5	318.6
Nonoperating revenue (expenses)											
6	12.7	5.9	8.5	10.2	9.9	10.8	9.5	10.3	9.3	9.7	9.1
7	(110.3)	(110.9)	(122.4)	(123.7)	(133.5)	(134.0)	(141.1)	(139.3)	(141.3)	(137.1)	(136.7)
8	16.3	15.6	16.0	15.6	16.5	16.0	16.4	14.8	14.3	12.6	11.3
9	-	-	-	-	-	-	-	-	-	-	-
10	4.4	(7.1)	4.1	44.6	56.0	80.6	93.7	116.8	141.9	175.8	202.3
11	(104.5)	(100.1)	(107.2)	(103.1)	(58.5)	(2.5)	78.1	171.7	288.5	430.4	606.1
12	(100.1)	(107.2)	(103.1)	(58.5)	(2.5)	78.1	171.7	288.5	430.4	606.1	808.4

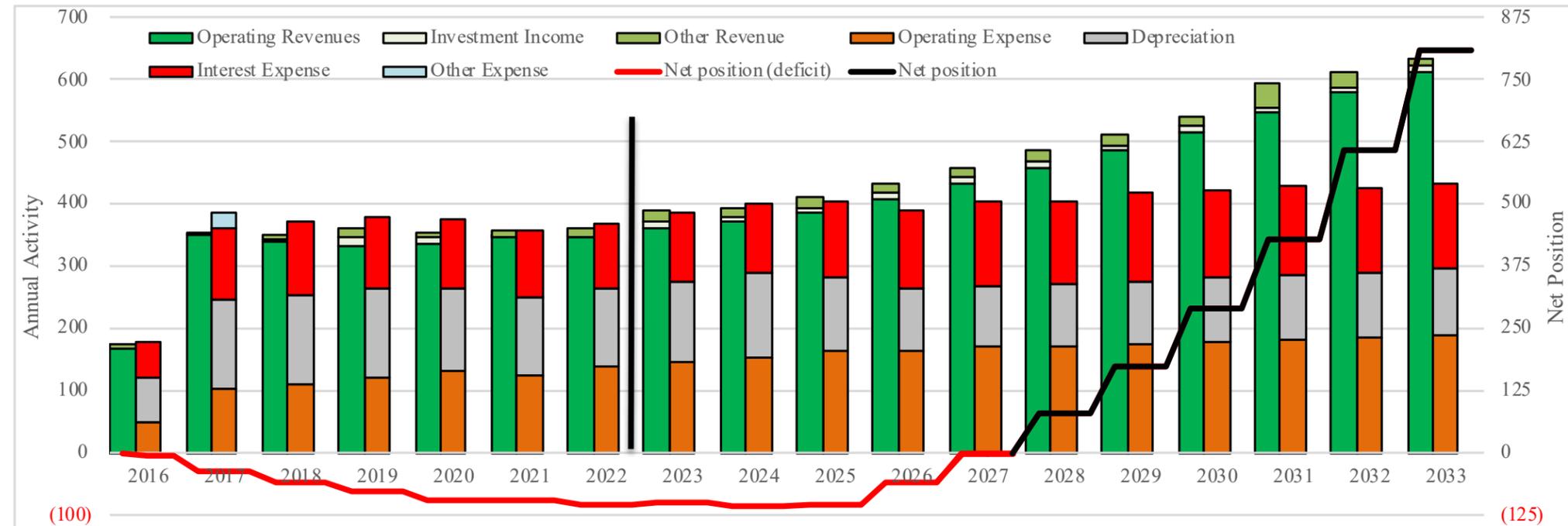
Table 7a
Reported Statement of Changes in Net Position (\$ millions)

Line No.	Actual						
	2016	2017	2018	2019	2020	2021	2022
1	230.5	505.8	473.6	469.5	466.6	470.8	471.4
2	84.4	151.3	176.4	174.0	176.9	178.1	186.9
3	86.0	185.6	187.3	168.5	152.9	150.9	158.5
4	170.4	336.9	363.6	342.6	329.9	329.0	345.4
5	60.1	168.9	110.0	126.9	136.8	141.8	126.0
Nonoperating revenue (expenses)							
6	1.1	2.2	5.3	11.8	11.7	0.5	3.0
7	(56.5)	(113.7)	(118.2)	(136.8)	(132.6)	(112.6)	(108.6)
8	(15.2)	(51.7)	(48.9)	(7.5)	(17.1)	(17.4)	(11.5)
9	-	(61.5)	-	-	-	-	-
10	(10.6)	(55.8)	(52.0)	(5.6)	(1.2)	12.3	8.9
11	-	(10.6)	(66.4)	(118.3)	(123.9)	(125.2)	(112.9)
12	(10.6)	(66.4)	(118.3)	(123.9)	(125.2)	(112.9)	(104.0)

Table 7b
Forecasted Statement of Changes in Net Position (\$ millions)

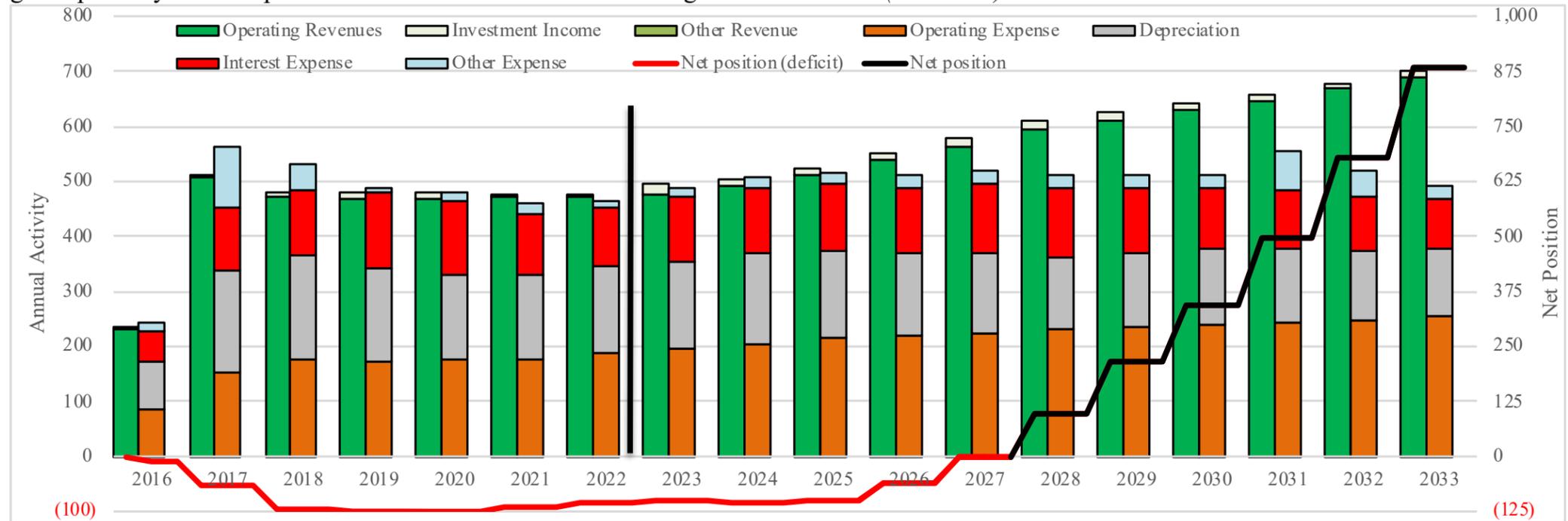
Line No.	Fiscal Year Ended June 30,										
	Forecasted										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
1	477.8	493.6	511.0	537.0	564.1	592.8	610.8	628.4	647.0	667.7	688.7
2	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
3	158.2	165.5	157.5	147.3	143.8	133.1	135.7	138.3	135.5	126.2	123.0
4	353.0	371.1	373.7	368.5	368.7	362.7	369.9	377.2	379.2	374.8	376.5
5	124.8	122.5	137.3	168.5	195.4	230.1	240.9	251.2	267.8	292.9	312.2
Nonoperating revenue (expenses)											
6	16.1	9.4	10.9	12.2	13.0	16.1	14.9	13.3	11.8	10.7	10.0
7	(116.9)	(118.6)	(123.1)	(121.0)	(127.9)	(125.9)	(119.3)	(112.5)	(105.6)	(98.6)	(91.6)
8	(19.0)	(19.4)	(19.8)	(20.3)	(20.8)	(21.2)	(21.7)	(22.1)	(22.6)	(23.1)	(23.7)
9	-	-	-	-	-	-	-	-	-	-	-
10	4.9	(6.1)	5.3	39.4	59.8	99.2	114.8	129.8	151.4	181.9	206.9
11	(104.0)	(99.1)	(105.1)	(99.8)	(60.4)	(0.6)	98.5	213.4	343.2	494.6	676.5
12	(99.1)	(105.1)	(99.8)	(60.4)	(0.6)	98.5	213.4	343.2	494.6	676.5	883.3

Water Supply System - Reported and Forecasted Statement of Changes in Net Position (\$ millions)



	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<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>
	<i>Act.</i>	<i>Proj.</i>																
1 Total operating revenues	167.7	351.7	338.3	331.6	334.3	344.6	345.0	360.5	372.9	384.6	407.6	431.8	457.8	485.2	514.4	545.3	578.2	613.1
2 Operating expenses	49.5	101.7	108.5	119.8	132.5	123.6	137.8	144.8	152.9	162.8	165.3	169.3	172.6	176.0	179.5	183.1	186.8	190.5
3 Depreciation/Amortization	71.3	144.1	146.1	144.1	130.7	126.8	126.8	130.0	137.7	119.8	99.7	99.4	97.4	100.3	103.9	102.7	101.0	104.0
4 Total operating expenses	120.8	245.9	254.6	264.0	263.3	250.5	264.6	274.9	290.6	282.6	265.1	268.7	270.0	276.3	283.5	285.8	287.7	294.5
5 Operating income	46.8	105.9	83.7	67.6	71.0	94.1	80.4	85.7	82.3	102.0	142.5	163.1	187.8	208.8	230.9	259.5	290.5	318.6
Nonoperating revenue (expenses)																		
6 Earnings on investments	0.4	1.8	6.1	14.8	13.7	0.8	2.4	12.7	5.9	8.5	10.2	9.9	10.8	9.5	10.3	9.3	9.7	9.1
7 Interest Expense - Bonded Debt	(56.5)	(113.7)	(118.2)	(114.2)	(111.3)	(106.3)	(103.6)	(110.3)	(110.9)	(122.4)	(123.7)	(133.5)	(134.0)	(141.1)	(139.3)	(141.3)	(137.1)	(136.7)
8 Other Non-Operating	5.2	6.4	4.4	15.3	7.0	10.5	13.6	16.3	15.6	16.0	15.6	16.5	16.0	16.4	14.8	14.3	12.6	11.3
9 Special Item	0.0	(32.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Change in net position	(4.1)	(32.4)	(24.0)	(16.4)	(19.5)	(0.9)	(7.3)	4.4	(7.1)	4.1	44.6	56.0	80.6	93.7	116.8	141.9	175.8	202.3
10 Net position (deficit), beginning of year	0.0	(4.1)	(36.5)	(60.4)	(76.9)	(96.4)	(97.3)	(104.5)	(100.1)	(107.2)	(103.1)	(58.5)	(2.5)	78.1	171.7	288.5	430.4	606.1
11 Net position (deficit), end of year	(4.1)	(36.5)	(60.4)	(76.9)	(96.4)	(97.3)	(104.5)	(100.1)	(107.2)	(103.1)	(58.5)	(2.5)	78.1	171.7	288.5	430.4	606.1	808.4

Sewage Disposal System - Reported and Forecasted Statement of Changes in Net Position (\$ millions)



	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<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>
	<i>Act.</i>	<i>Proj.</i>																
1 Total operating revenues	230.5	505.8	473.6	469.5	466.6	470.8	471.4	477.8	493.6	511.0	537.0	564.1	592.8	610.8	628.4	647.0	667.7	688.7
2 Operating expenses	84.4	151.3	176.4	174.0	176.9	178.1	186.9	194.8	205.6	216.2	221.3	225.0	229.6	234.2	238.9	243.7	248.5	253.5
3 Depreciation/Amortization	86.0	185.6	187.3	168.5	152.9	150.9	158.5	158.2	165.5	157.5	147.3	143.8	133.1	135.7	138.3	135.5	126.2	123.0
4 Total operating expenses	170.4	336.9	363.6	342.6	329.9	329.0	345.4	353.0	371.1	373.7	368.5	368.7	362.7	369.9	377.2	379.2	374.8	376.5
5 Operating income	60.1	168.9	110.0	126.9	136.8	141.8	126.0	124.8	122.5	137.3	168.5	195.4	230.1	240.9	251.2	267.8	292.9	312.2
Nonoperating revenue (expenses)																		
6 Earnings on investments	1.1	2.2	5.3	11.8	11.7	0.5	3.0	16.1	9.4	10.9	12.2	13.0	16.1	14.9	13.3	11.8	10.7	10.0
7 Interest Expense - Bonded Debt	(56.5)	(113.7)	(118.2)	(136.8)	(132.6)	(112.6)	(108.6)	(116.9)	(118.6)	(123.1)	(121.0)	(127.9)	(125.9)	(119.3)	(112.5)	(105.6)	(98.6)	(91.6)
8 Other Non-Operating	(15.2)	(51.7)	(48.9)	(7.5)	(17.1)	(17.4)	(11.5)	(19.0)	(19.4)	(19.8)	(20.3)	(20.8)	(21.2)	(21.7)	(22.1)	(22.6)	(23.1)	(23.7)
9 Special Item	0.0	(61.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7 Change in net position	(10.6)	(55.8)	(52.0)	(5.6)	(1.2)	12.3	8.9	4.9	(6.1)	5.3	39.4	59.8	99.2	114.8	129.8	151.4	181.9	206.9
10 Net position (deficit), beginning of yea	0.0	(10.6)	(66.4)	(118.3)	(123.9)	(125.2)	(112.9)	(104.0)	(99.1)	(105.1)	(99.8)	(60.4)	(0.6)	98.5	213.4	343.2	494.6	676.5
11 Net position (deficit), end of year	(10.6)	(66.4)	(118.3)	(123.9)	(125.2)	(112.9)	(104.0)	(99.1)	(105.1)	(99.8)	(60.4)	(0.6)	98.5	213.4	343.2	494.6	676.5	883.3



Financial Services Audit Committee Communication

Date: February 13, 2023
To: Great Lakes Water Authority Audit Committee
From: Matthew S. Lane, MPA, Charges Outreach and Modeling Manager
Re: Charges Roll Out Meets #3 and #4 Presentations

Charges Rollout Meetings #3 and #4 were held January 12, 2023, and January 19, 2023, respectively. PowerPoint slide decks were prepared and presented to member partners during these meetings. Attached are the following for your information:

1. PowerPoint Presentation from Charges Rollout Meeting #3
2. PowerPoint Presentation from Charges Rollout Meeting #4

Proposed Action: Receive and file presentations.



Charges Rollout #3

Proposed Revenue Requirements and Service Charges

January 12, 2023



TFG
THE FOSTER GROUP

Charge Season Schedule

- This is the third formal “charge rollout” meeting for the FY 2024 Budget and Charges
 - ✓ **10/19/2022** - *Capital Improvement Programs*
 - ✓ **11/16/2022** - *Preliminary Units of Service*
 - ➔ ✓ **1/12/2023** – *Preliminary Proposed FY 2024 & 2025 Biennial Budget & Ten-Year Financial Plan and Preliminary FY 2024 Charges*
 - ✓ **1/19/2023** – *Comprehensive Follow Up Review Session*
 - ✓ **2/22/2023 (tentative)** – *GLWA Public Hearing*
 - ✓ **7/1/2023** – *Effective Date for Charges*
- Parallel meetings of Outreach Charges Work Groups

Charge Season Schedule

- GLWA is offering “office hours” to review Charge related material with individual Member Partner representatives
✓ 1/17/2023 and 1/18/2023 – Charges Worksheets and General Discussion
- Members may sign up at <https://www.signupgenius.com/go/508084baea82da20-glwamember#/> OR contacting GLWA at Outreach@glwater.org

Three Key Takeaways

- 1. Charges:** The System-Wide Charges Revenue Increase is 2.75 Percent for both Water and Sewer –Well Below the Rate of Inflation.
- 2. Bad Debt Recovery:** Highland Park Bad Debt Expense is NOT Included in the FY 2024 Charges.
- 3. CAP:** For Water System Member Partners, the Contract Alignment Process (CAP) Outcomes Reflected in the Proposed FY 2024 Charges Create Short-Term Variability While Promoting Long-Term Stability.

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 7.71%.

- 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.
- 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 FY 2024 and FY 2025 Budget & Five- Year Financial Plan Update

January 12, 2023



What is GLWA's "Financial Plan"?

What is GLWA's financial plan?

The financial plan is a set of documents that transparently charts the financial course on a path of long-term sustainability.

Why focus on a long-term plan?

Decisions made decades ago impact today; decisions we make today impact future generations. This is the basis for achieving affordability.

What goes into a financial plan?

Extensive input, analysis, and collaboration by subject matter experts that span finance, engineering, legal, and operations, both internal and external to GLWA.

What are the Financial Plan documents?

- ✓ FY 2024 & FY 2025 Biennial Budget and Five-Year Plan (FY 2024 – FY 2028)
- ✓ Ten Year Financial Plan through FY 2033
- ✓ FY 2024 – FY 2028 Five Year Capital Improvement Plan
- ✓ FY 2024 Water & Sewer Charges Report from The Foster Group
- ✓ Recent bond official statements
- ✓ *Related support documents submitted to the Board and the Audit Committee*

Top Ten Highlights



Proposed FY 2024+ Financial Plan – Key Highlights

1. Comprehensive Data Available
2. Commitment to GLWA's Values
3. Operations & Maintenance Budget – Dynamic Increases & Decreases
4. FY 2024 Charges Proposal – Water
5. FY 2024 Charges Proposal – Sewer
6. Ten Year Plan – Water System – Persistent Capital and O&M Pressures
7. Ten Year Plan – Sewer System – Achieving the long-term sustainability objective is within sight
8. Key Assumptions – Beyond Our Control
9. Key Assumptions - Things We Can Control
10. Yes, Our Sector has Challenges; We are Prepared to Address

#1 – Comprehensive Data Available

- ✓ Recently completed “clean” audit report issued
 - ✓ *Preliminary report in September aligned with final report*
 - ✓ *Operations & Maintenance budget overall at 98% of actual*
- ✓ Matured organization with strong working relationship between Financial Planning & Analysis with operations and administration
- ✓ Economic scan of the environment in which we operate – Economic Outlook Task Force presented to Board in November 2022

#2 - FY 2024 & FY 2025 Biennial Budget Overall: Goals Set -> Goals Met

- ✓ **The Promise:** Able to deliver an overall financial plan for FY 2024 and FY 2025 that holds revenue requirement increases below the 4% Promise
- ✓ **Charges:** Resulting FY 2024 proposed charge adjustments reflect constraints within the goal to maintain stability for Member Partners
- ✓ **Sustainability & Affordability:** Facilitates progress towards long-term sustainability and affordability objectives
- ✓ **Quality:** Provides for progress on key initiatives that ensures the quality and reliability of our services and the impact on the environment

#3 Operations & Maintenance Budget – Dynamic Increases & Decreases

Due to recent inflationary pressures, the overall FY 2024 GLWA operating budget must reflect a **9.0% increase compared to originally approved FY 2023 Budget**

- ✓ Water **increase** is ~ 5.6%, Sewer **increase** ~ 11.7%
- ✓ The budget increases are largely focused on commodity prices – overall budget increase is 89% for chemicals 24% for utilities (see next slide)

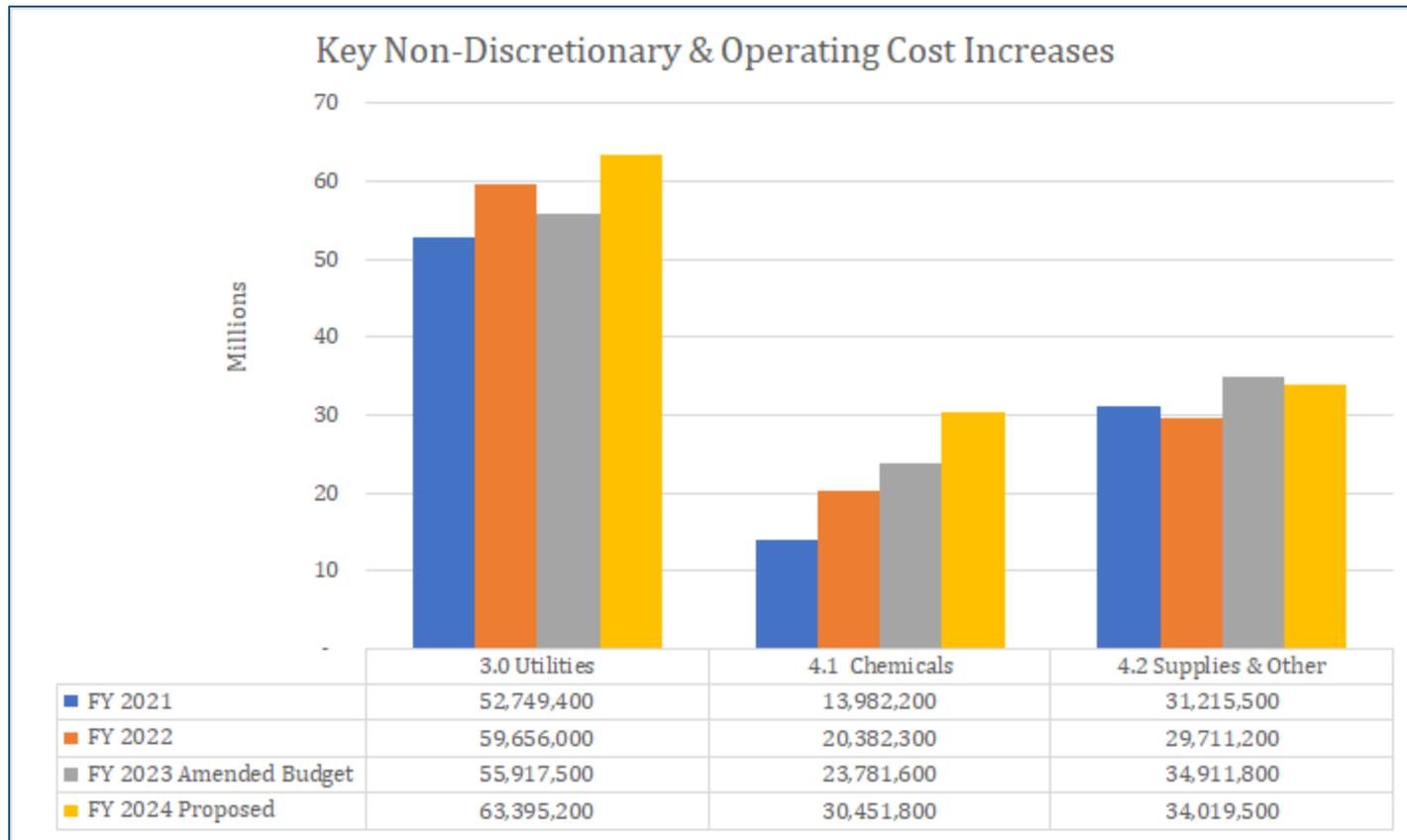
FY 2025 operating budget increase is ~ 5.7%

- ✓ Less variation in Water / Sewer impacts
- ✓ Water increase 6.5%, Sewer increase 5.1%

A return to annual increases of ~ 2.0 % for the remainder of five-year financial plan period (FY 2026 thru FY 2028)

Significant Cost Increases

Utilities, Chemicals, and Supplies for maintaining plant and field operations are budgeted at moderate usage to offset significant commodity cost increase.



#4 – FY 2024 Water Charges Summary (*more detail in subsequent slides*)

Proposed FY 2024 Water System Charge Adjustment is a 2.75% increase

- ✓ System Charge Adjustment = the amount by which revenues from existing charges must be adjusted to meet budgeted revenue requirements
- ✓ Charge Adjustments for individual Member Partners are variable than recent years, as a result of the Contract Alignment Process (“CAP”)
- ✓ This is projected to produce a \$9.8 million revenue increase and becomes the foundational assumption for the rest of the budgeted revenue requirements
- ✓ NO amounts included in Water Charges related to Highland Park bad debt expense matter
- ✓ Resulting plan reflects:
 - ✓ An overall budgeted revenue requirement increase of \$14.2 million (4.0%)
 - ✓ A positive sales (volume) revenue budget variance of \$1.3 million (*addresses 0.4% of the budget increase*)
 - ✓ A positive investment earnings budget variance of \$3.1 million (*addresses 0.9% of the budget increase*)
 - ✓ Reductions in amounts required for the GRS Legacy Pension obligations
 - ✓ Budgeted contributions to I&E are greater than the original FY 2023 Budget by \$5.5 million
 - ✓ Capital Spend Rate Assumption of 100%

#5 - FY 2024 Sewer Charges Summary (*more detail in subsequent slides*)

Proposed FY 2024 Sewer System Charge Adjustment is a 2.75% increase

- ✓ System Charge Adjustment = the amount by which revenues from existing charges must be adjusted to meet budgeted revenue requirements
- ✓ No change in Sewer SHARES for FY 2024, so proposed Charge Adjustments for individual Member Partners are uniformly increased relative to the revenue requirement increase
- ✓ NO amounts included in Sewer Charges related to Highland Park bad debt expense matter
- ✓ Resulting plan reflects:
 - ✓ An overall budgeted revenue requirement increase of \$19.25 million (4.0%)
 - ✓ A positive investment earnings budget variance of \$5.9 million (*addresses 1.25% of the budget increase*)
 - ✓ Reductions in amounts required for the GRS Legacy Pension obligations
 - ✓ Budgeted contributions to I&E are less than the original FY 2023 Budget by \$5.85 million
 - ✓ Capital Spend Rate Assumption of 100%

#6 - Ten Year Plan – Water System – Continuing Capital and O&M Pressures

The 4% Promise on Annual Budget “Sunsets” after FY 2025 – What’s next?

- ✓ While the pace of cost increase may slow down, the shift is to a new expense category baseline. This may necessitate revenue requirement increases of 6.0% from FY 2026 thru 2028 with a return to 4.0% thereafter thru FY 2033
- ✓ Results in annual forecasted Water CIP requirements (at a 100% Spend Rate Assumption) that become more reliant on debt rather than I&E funding (i.e. Paygo)
- ✓ This results in a fairly static forecast for Water with respect to key metrics
- ✓ Debt service coverage ratios (from the Regional System revenues) and related metrics are projected to moderately increase under these assumptions
- ✓ Building increased resiliency into the capital program and spending priorities, along with ever present realities of increased regulation are the factors to watch in managing the long-term financial plan.

#7 - Ten Year Plan – Sewer System – Achieving Desirable Metrics Within Horizon

Demonstrates achievement of desired, comprehensive planning objectives

- ✓ Assuming future annual revenue requirement increases of 5.0% for FYs 2006 – 2028, then 3.0% thereafter thru FY 2023
- ✓ The average annual forecasted Sewer CIP requirements (at a 100% Spend Rate Assumption) become less reliant on debt and more on I&E funding (i.e. Paygo)
- ✓ This results in a forecast for the Sewer System in alignment with the desired strategy
- ✓ Debt service coverage ratios (from the Regional System revenues) and related metrics are projected to increase under these assumptions
- ✓ Building increased resiliency into the capital program and spending priorities, along with ever present realities of increased regulatory requirements are the factors to watch in managing the long-term financial plan.

#8 Key Assumptions – Beyond Our Control

- ✓ Pension funding needs for legacy closed General Retirement System pension plan
- ✓ Economic impact on investment portfolio
- ✓ Debt refunding opportunities
- ✓ Cost of borrowing / rising interest rates
- ✓ Construction cost increases
- ✓ New regulatory requirements
- ✓ Labor market
- ✓ Climate Change and related programmatic requirements

#9 – Key Assumptions - Things We Can Control

- ✓ Manage the capital spending priorities
- ✓ Continue to seek other funding opportunities
- ✓ Manage the pace of change
- ✓ Plan, plan, plan – financial, operational, and capital
- ✓ Strategic focus on resiliency via operational and financial flexibility to navigate those things that are beyond our control

#10 - Yes, Our Sector has Challenges; We are Prepared to Address

- ✓ Maintenance intensive industry requiring continual reinvestment of capital
- ✓ Declining use of potable water and the associated reduced demand
- ✓ Regulatory concerns for both the Water and the Wastewater Systems
- ✓ Affordability

Common Theme – more uncertainty today at a higher cost than we’ve experienced to date – any “hedge” on uncertainty impacts affordability

GLWA Average System Charge Adjustments

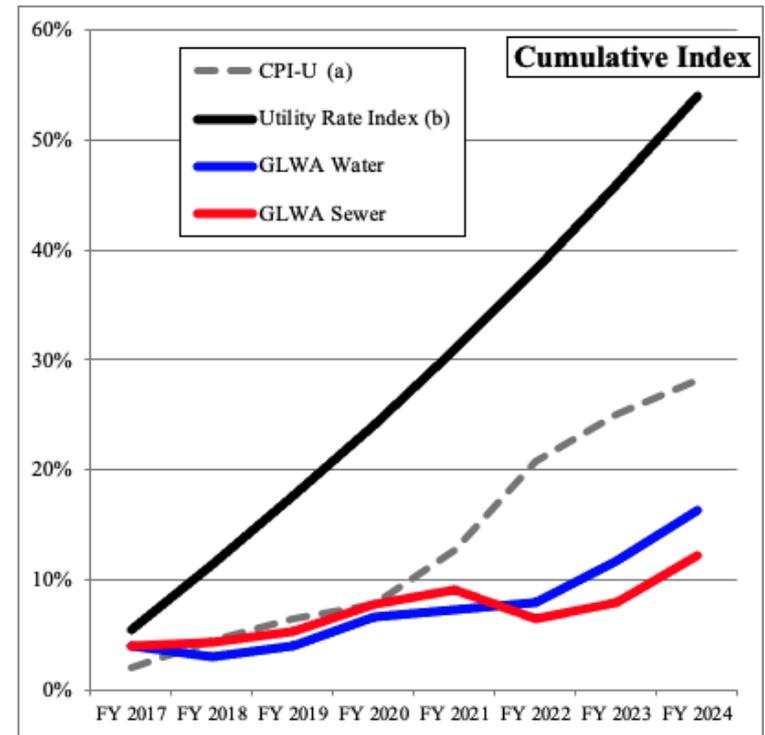
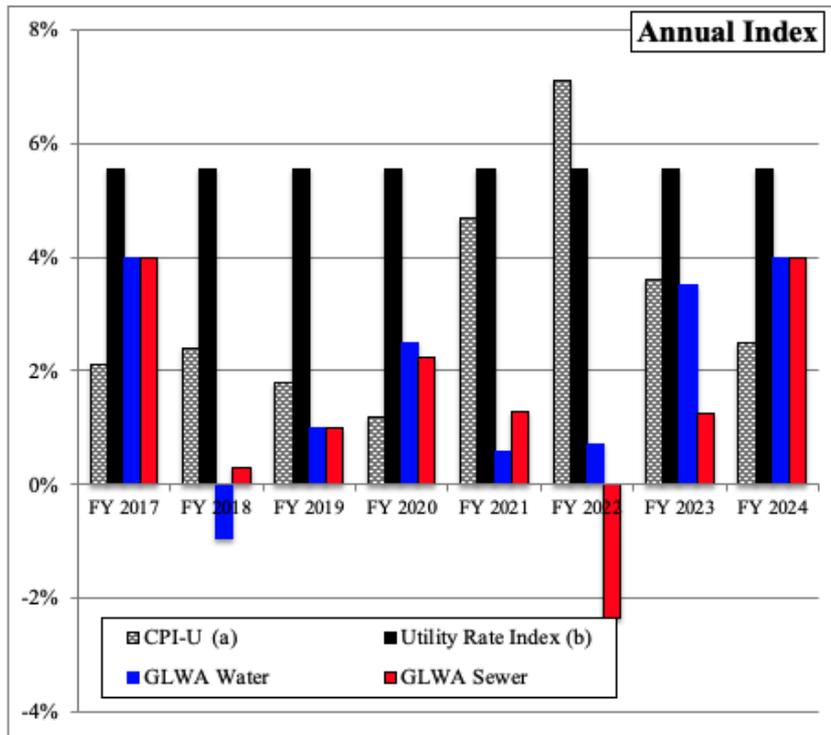
⊕ Average System Charge Adjustments

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	3.7%	2.4%
2024	2.75%	2.75%
7-Year Average	2.2%	0.9%

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%



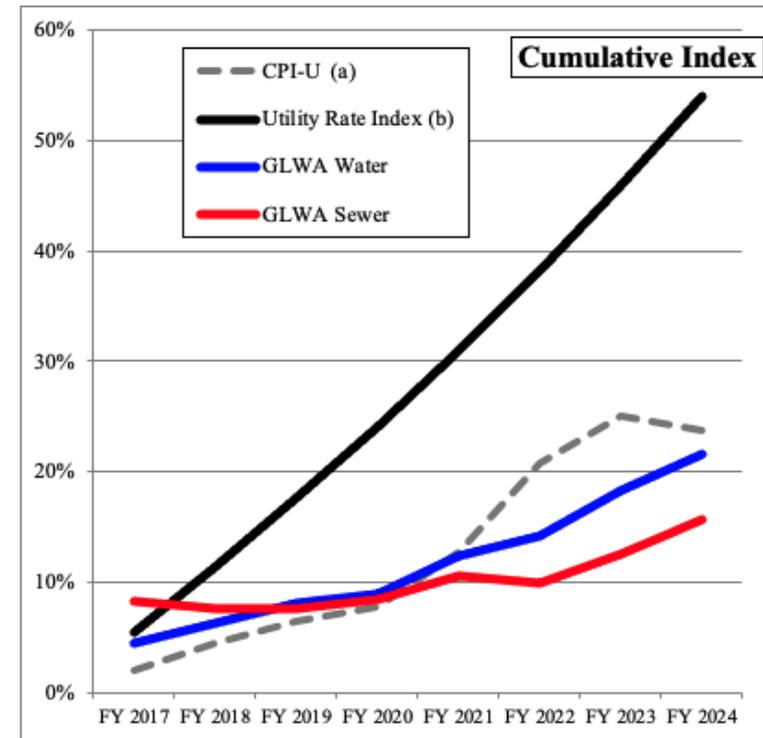
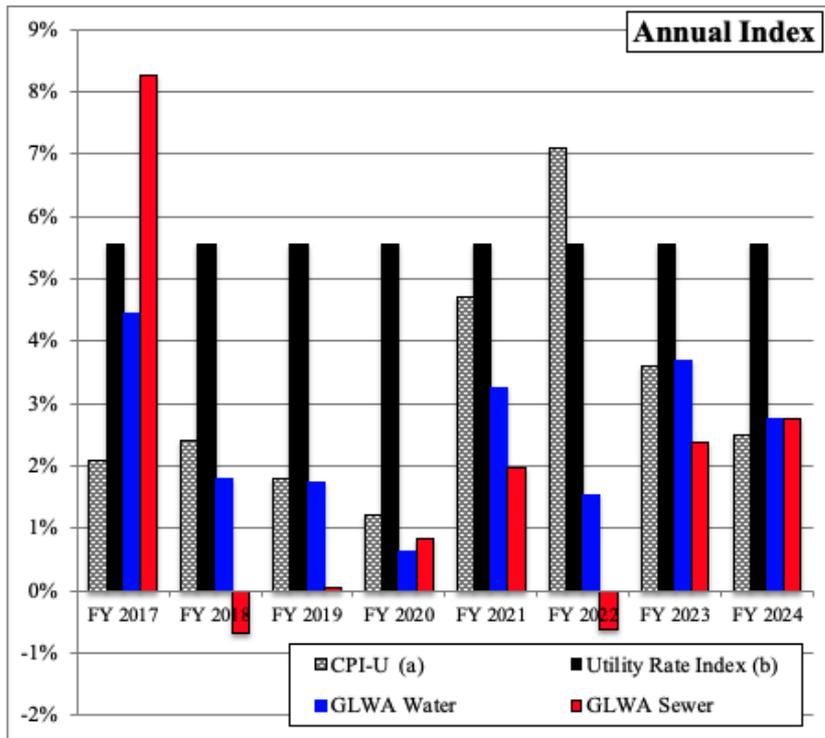
(a) Source: Bureau of Labor Statistics, FY 2022 - FY 2024 estimated based on EOTF Report

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

GLWA CHARGE Adjustments Compared to Utility Indices

Annual	Annual Index								Average
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	Annual
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%

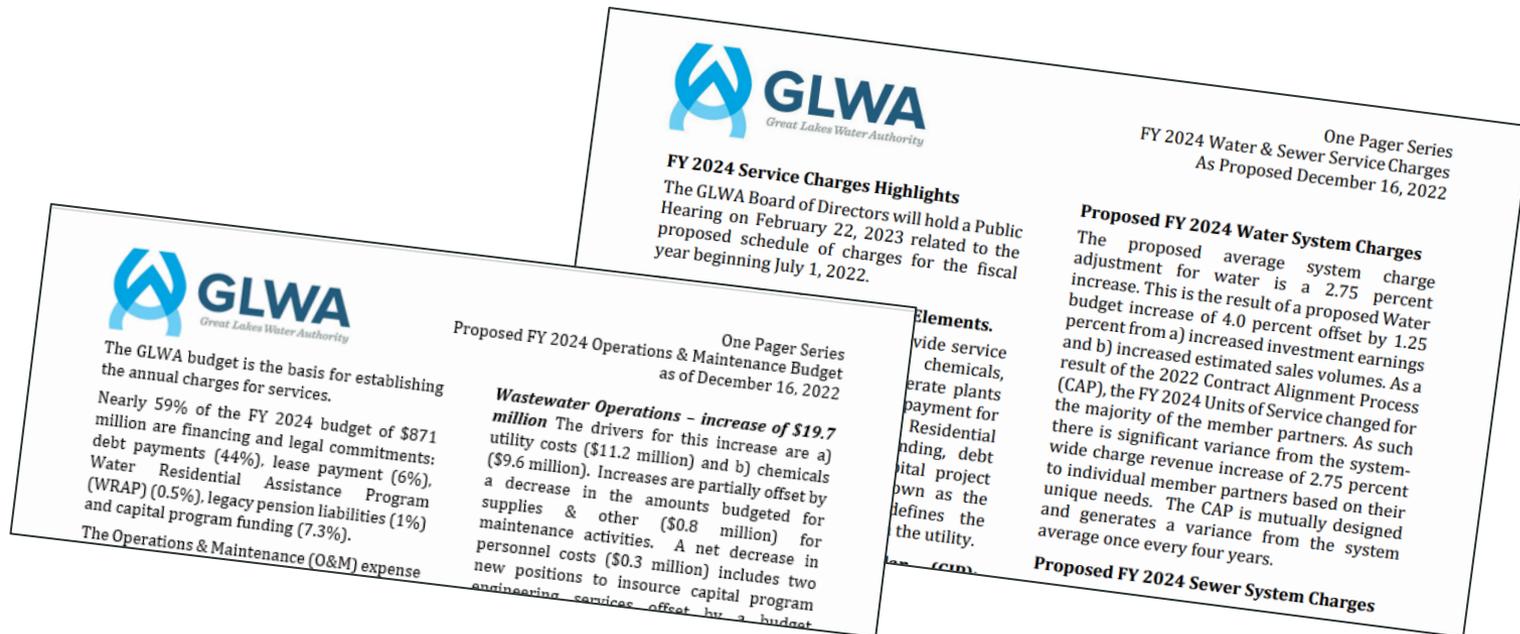


(a) Source: Bureau of Labor Statistics, FY 2022 - FY 2024 estimated based on EOTF Report

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

Transparency in the Budgeting Process

- ✓ Proposed Budget and Charges Analysis presented to Audit Committee on December 16, 2022 posted on GLWA [website](#)
- ✓ Economic Outlook Task Force Phase I Report on GLWA [website](#)
- ✓ One Pager Series
- ✓ Always seeking feedback on what communication materials



Core Financial Plan Schedules



Core GLWA Budget Schedules

Water Revenue Requirement

Schedule 1A – Water System Revenue Requirement Biennial Budget

	FY 2022 Actual	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 System Revenue Requirements									
Revenues									
Revenues from Charges	\$338,227,100	\$354,947,900	\$353,690,600	\$366,068,800	\$ 11,120,900	3.1%	\$379,539,700	\$ 13,470,900	3.7%
Other Revenues	775,400	175,000	175,000	175,000	-	0.0%	175,000	-	0.0%
Investment Earnings	1,945,800	948,700	8,065,700	4,070,700	3,122,000	329.1%	5,412,400	1,341,700	33.0%
Total Revenues	340,948,300	356,071,600	361,931,300	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$136,436,500	\$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	-	(6,048,000)	-100.0%	-	-	0.0%
Debt Service	136,039,800	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	6,268,300	3,395,500	(2,872,800)	-45.8%	4,173,300	777,800	22.9%
Water Residential Assistance Program Contribution	1,705,500	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	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	23,739,800	24,300,000	29,766,100	29,837,300	5,537,300	22.8%	15,256,700	(14,580,600)	-48.9%
Annual Water System Revenue Requirements	\$332,737,900	\$356,071,600	\$361,931,300	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%

Core GLWA Budget Schedules

Sewer Revenue Requirement

Schedule 1C – Sewer System Revenue Requirement Biennial Budget

	FY 2022 Actual	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
Sewer System Revenue Requirements									
Revenues									
Revenues from Charges	\$470,957,600	\$479,816,500	\$477,420,200	\$493,167,700	\$ 13,351,200	2.8%	\$510,784,100	\$ 17,616,400	3.6%
Other Revenues	817,400	400,000	400,000	400,000	-	0.0%	400,000	-	0.0%
Investment Earnings	1,842,500	1,155,600	10,924,100	7,059,300	5,903,700	510.9%	9,468,000	2,408,700	34.1%
Total Revenues	\$473,617,500	\$481,372,100	\$488,744,300	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$182,863,200	\$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	-	(10,824,000)	-100.0%	-	-	0.0%
Debt Service	206,490,100	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	11,620,700	6,479,300	(5,141,400)	-44.2%	8,228,800	1,749,500	27.0%
Water Residential Assistance Program Contribution	2,358,300	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	27,500,000	-	0.0%	27,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	-	-	0.0%	-	-	0.0%
Improvement & Extension Fund Transfer Pending	23,424,000	39,342,500	30,850,000	33,488,600	(5,853,900)	-14.9%	42,669,700	9,181,100	27.4%
Annual Sewer System Revenue Requirements	\$465,080,300	\$481,372,100	\$488,744,300	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%

Core GLWA Budget Schedules

Operating Expense Summary

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

Operations & Maintenance Expense	FY 2022 Actual	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	\$ 63,900,800	\$ 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	844,000	1,801,900	1,801,900	1,391,500	(410,400)	-22.8%	1,508,800	117,300	0.0%
2.3 Overtime	8,113,300	6,882,600	6,983,700	7,383,000	500,400	7.3%	7,738,600	355,600	0.2%
2.4 Employee Benefits	24,205,500	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	9,989,700	7,603,700	11,119,300	9,128,700	1,525,000	20.1%	9,128,700	-	2.9%
Total Personnel Costs	107,053,300	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	43,755,000	39,966,000	42,114,000	42,820,200	2,854,200	7.1%	43,343,300	523,100	0.7%
3.2 Gas	8,664,700	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	2,567,700	2,268,400	2,268,400	2,563,100	294,700	13.0%	2,563,700	600	1.2%
3.4 Water Service	4,668,600	2,981,700	2,981,700	7,843,900	4,862,200	163.1%	7,845,900	2,000	1.9%
Total Utilities Costs	59,656,000	51,007,400	55,917,500	63,395,200	12,387,800	24.3%	64,099,400	704,200	1.1%
4.1 Chemicals	20,382,300	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	29,088,400	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	107,526,700	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	(2,631,900)	(4,376,200)	(4,376,200)	(4,232,700)	143,500	-3.3%	(4,651,400)	(418,700)	0.4%
5.2 Shared Services	(2,397,900)	(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	622,800	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	152,590,400	155,748,600	161,975,600	174,267,800	18,519,200	11.9%	182,352,800	8,085,000	4.6%
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

Core GLWA Budget Schedules

Operating Expense Summary

Schedule 2C – Operations & Maintenance Biennial Budget by Service Area

Operating Area	FY 2022 Actual	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	\$ 74,380,300	\$ 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	119,645,600	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	91,882,800	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	33,391,000	34,681,700	34,681,700	35,982,500	1,300,800	3.8%	38,405,400	2,422,900	6.7%
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

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

System	FY 2022 Actual	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	\$136,436,500	\$144,847,700	\$144,847,700	\$152,906,400	\$ 8,058,700	5.6%	\$162,810,600	\$ 9,904,200	6.5%
Wastewater	182,863,200	184,052,600	194,822,500	205,643,700	21,591,100	11.7%	216,220,400	10,576,700	5.1%
Grand Total	\$319,299,700	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

Proposed FY 2024 Water Charges

January 12, 2022



Key Takeaways

- GLWA has prepared proposed Water Charges for FY 2024 that embrace the “SHAREs” concept in the Wastewater Charges
 - ✓ *Does not reflect any methodology changes, just a different way to demonstrate and communicate results*
- This approach will produce communication tools that will align the Water and Wastewater Charges
 - ✓ *Consistent with the “One Water” Theme*
- The **preliminary** Water SHAREs were presented at Rollout # 2 meeting in November.
- The **proposed** Water SHAREs being presented today have been updated to reflect the full cost of service study for the FY 2024 Charges
- Proposed FY 2024 Water Charges do not contain any amounts related to Highland Park Bad Debt Expense

Key Takeaways – Water Cost of Service Study

- Due to the Contract Alignment Process (CAP) the Proposed FY 2024 Charges create short-term *variability* while promoting long-term *stability*

	Revenue Existing Charges \$	FY 2024 SHARE (a)	Reallocated Revenue Requirement \$	Adjustment Required \$	% Adjustment Required
Macomb Co. Communities	86,806,900	21.435%	85,006,600	(1,800,300)	-2.1%
Oakland Co. Communities	109,822,800	29.224%	115,887,000	6,064,200	5.5%
Wayne Co. Communities	113,457,300	29.095%	115,376,400	1,919,100	1.7%
Other Communities	23,338,700	7.847%	24,261,000	922,300	4.0%
Detroit (b)	22,834,800	12.399%	25,537,200	2,702,400	11.8%
System Total	356,260,500	100.000%	366,068,200	9,807,700	2.8%

(a) Represents each Member Partner's Allocated SHARE of the GLWA Wholesale Revenue Requirement. The final "Reallocated Revenue Requirement" reflects recognition of the Detroit Ownership Benefit and the Flint KWA Debt Service Adjustment.

(b) Detroit Gross Revenue Req't	43,534,800	12.399%	46,237,200	2,702,400	6.2%
less: Ownership Benefit	(20,700,000)		(20,700,000)	0	0.0%
Detroit Net Revenue Req't	22,834,800		25,537,200	2,702,400	11.8%

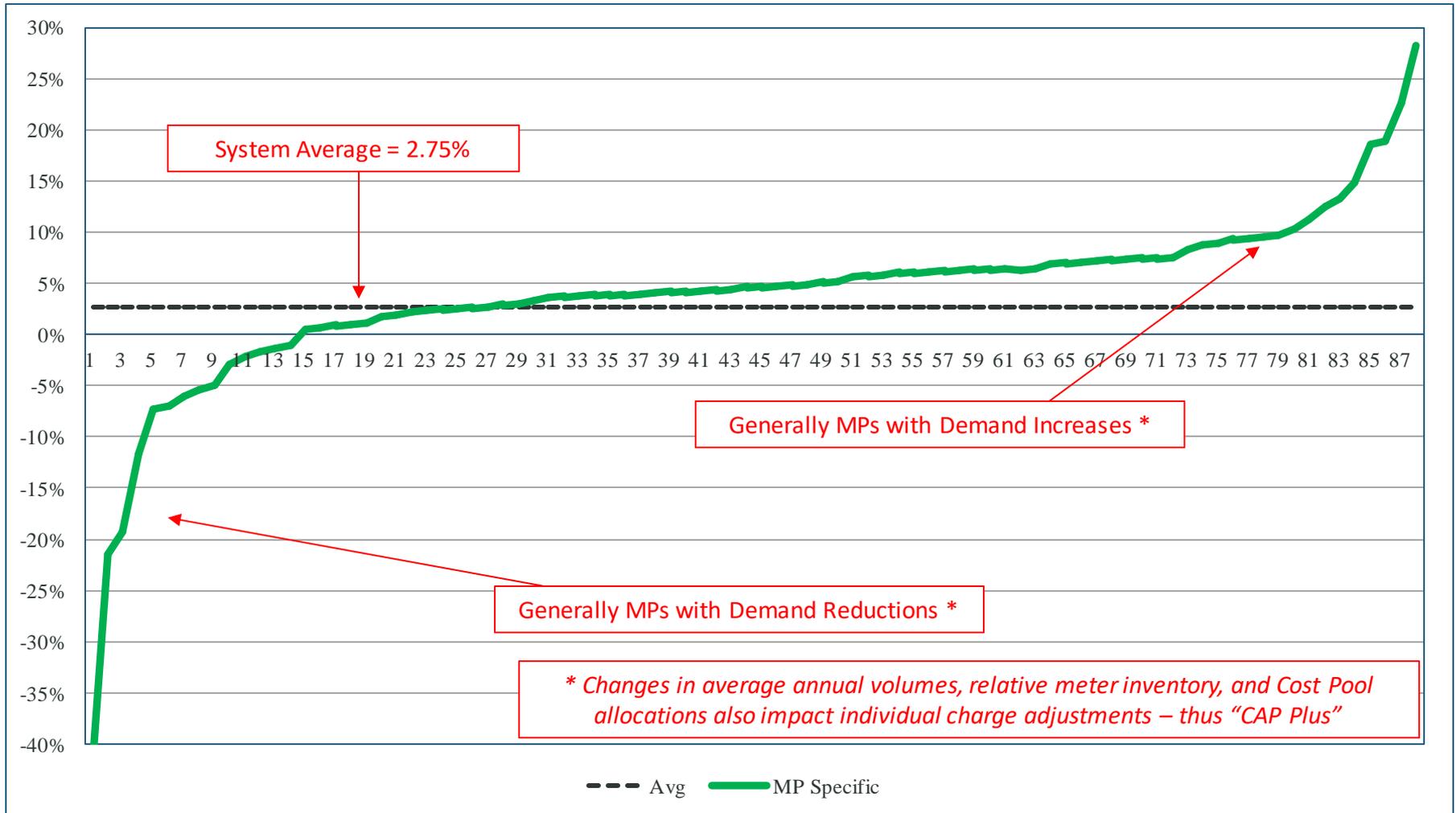
FY 2024 Water Charges Strategy

- 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



Issues Impacting Proposed FY 2024 WATER Service Charges – Units of Service

- CAP Results – General rule of thumb = Member Partners experiencing an increase in Contract Demands (or no change or a smaller than average decrease) are experiencing a larger than average Charge increase
 - ✓ *Over 90% of the cost allocation methodology recognizes Max Day and/or Peak Hour Demands*

Issues Impacting Proposed FY 2024 WATER Service Charges – Units of Service

- Changes in average volume also moderately impact variance
 - ✓ *Annual sales volumes only impact ~ 10% of the costs allocated to each Member Partner, but . . .*
 - ✓ *Impact 40% of the costs recovered from each Member Partner*
 - ✓ *Changes in annual volumes for individual Member Partners can create charge “reset” opportunities that are yet not reflected in the strategic, phased approach.*

Issues Impacting Proposed FY 2024 WATER Service Charges – Cost Pools

- In the existing Water Charge Methodology programmatic changes in “where GLWA spends the money” can create changes in the underlying “cost pool” allocation
- Subsequently impacts how much cost should be allocated to Member Partners based on their individual:
 - ✓ *Max Day Demands*
 - ✓ *Peak Hour Demands*
 - ✓ *Annual volumes*
 - ✓ *Distance and elevation factors*
 - ✓ *Master Meter Inventory*

Issues Impacting Proposed FY 2024 WATER Service Charges – Cost Pools

- These relative changes vary year to year based on several factors, including:
- The relative split between:
 - ✓ *Capital costs (more heavily weighted to Peak Hour and distance and elevation factors), and;*
 - ✓ *Operating costs (more heavily weighted to Max Day and less associated with distance and elevation factors)*
- The relative focus areas of the operating budget programs;
- Updates to the capital asset inventory

Issues Impacting Proposed FY 2024 WATER Service Charges – Cost Pools

- FY 2024 Cost Allocation review results in:
 - ✓ ***Greater*** emphasis on
 - Commodity (average volume)
 - Max Day Demand
 - ✓ ***Less*** emphasis on
 - Peak Hour Demand
 - Distance and Elevation Cost Pools
- This is in part due to several factors, including:
 - ✓ *Increase of chemical / utility costs in the budget, which are largely Commodity / Max Day elements;*
 - ✓ *Relatively less material increases in budgeted transmission system programs, which are principally Peak Hour and delivery (distance & elevation) elements*
- ***There are other elements that impact these changes***

Issues Impacting Proposed FY 2024 WATER Service Charges – “Reset”

- Most Member Partner’s current Water Charges are based on the allocation results of the **FY 2020** Cost of Service Study
- The charges for these “No Mod” customers were intentionally, **uniformly** adjusted each year (FYs 2021, 2022, and 2023) in proportion to the No Mod class at large
 - ✓ *FY 2021 Adjustment = 3.0%*
 - ✓ *FY 2022 Adjustment = 2.2%*
 - ✓ *FY 2023 Adjustment = 3.7%*

Issues Impacting Proposed FY 2024 WATER Service Charges – “Reset”

- This approach of “standardized” increases was intentional and strategic, in alignment with the objectives of the CAP
- GLWA and its Member Partners designed the strategy to maintain relative uniformity for 4-year periods, and concentrate any changes in relative individual Member Partner charges to align with changes in contract demands, which occur each 4 years

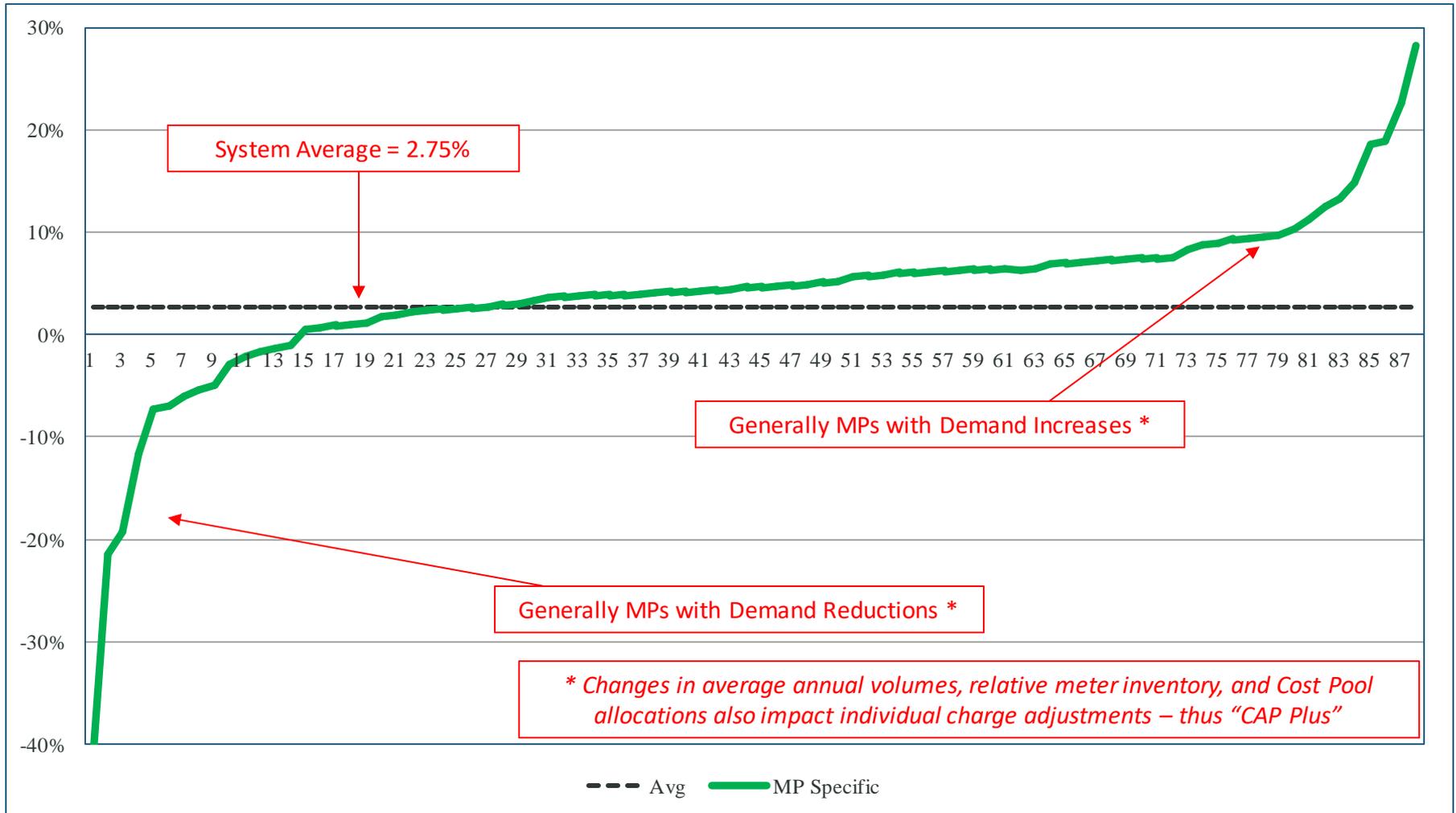
Issues Impacting Proposed FY 2024 WATER Service Charges – “Reset”

- As a result, part of the *reset* in FY 2024 charge adjustments for individual Member Partners is related to “unwinding” the impacts of the uniform, standardized approach employed for the No Mod Customer Class during the past 3 years
- The impacts on individual Member Partner Water Charges vary, and are related to:
 - ✓ *Their individual Units of Service, and*
 - ✓ *The relative Cost Pool Allocation Factors emerging from the FY 2024 Cost of Service Study*

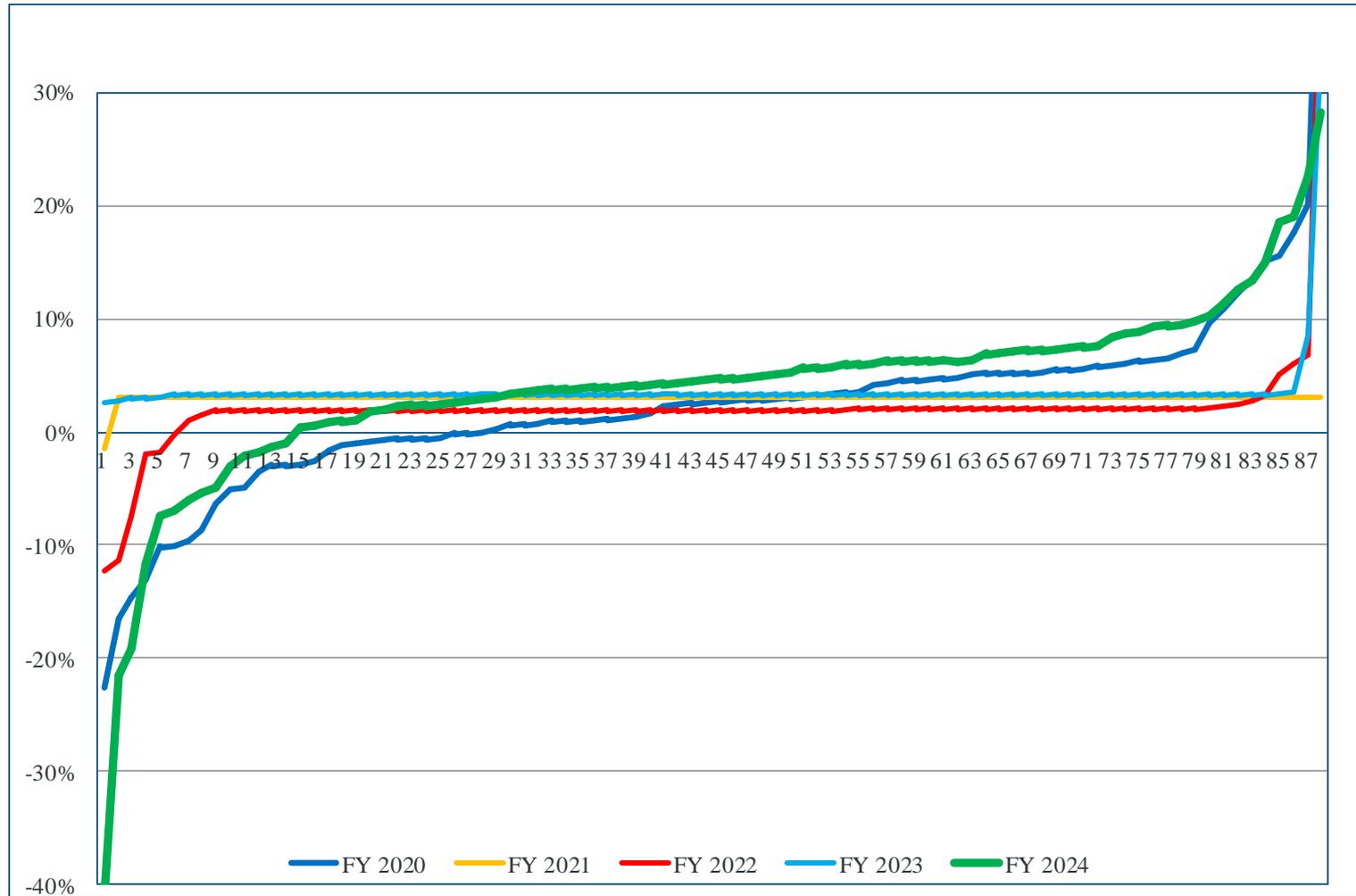
Looking Forward

- Absent any changes in the Water Charge Methodology, this pattern will continue
- No change in SHARES for FYs 2025 – 2027
 - ✓ *Uniform Charge Adjustments (absent out of cycle reopeners)*
 - ✓ *Interim stability*
- A SHARES (and Charges) “reset” effective with the FY 2028 Water Charges, consistent with the CAP strategy
 - ✓ *Focus variability in alignment with Contract Amendments*

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



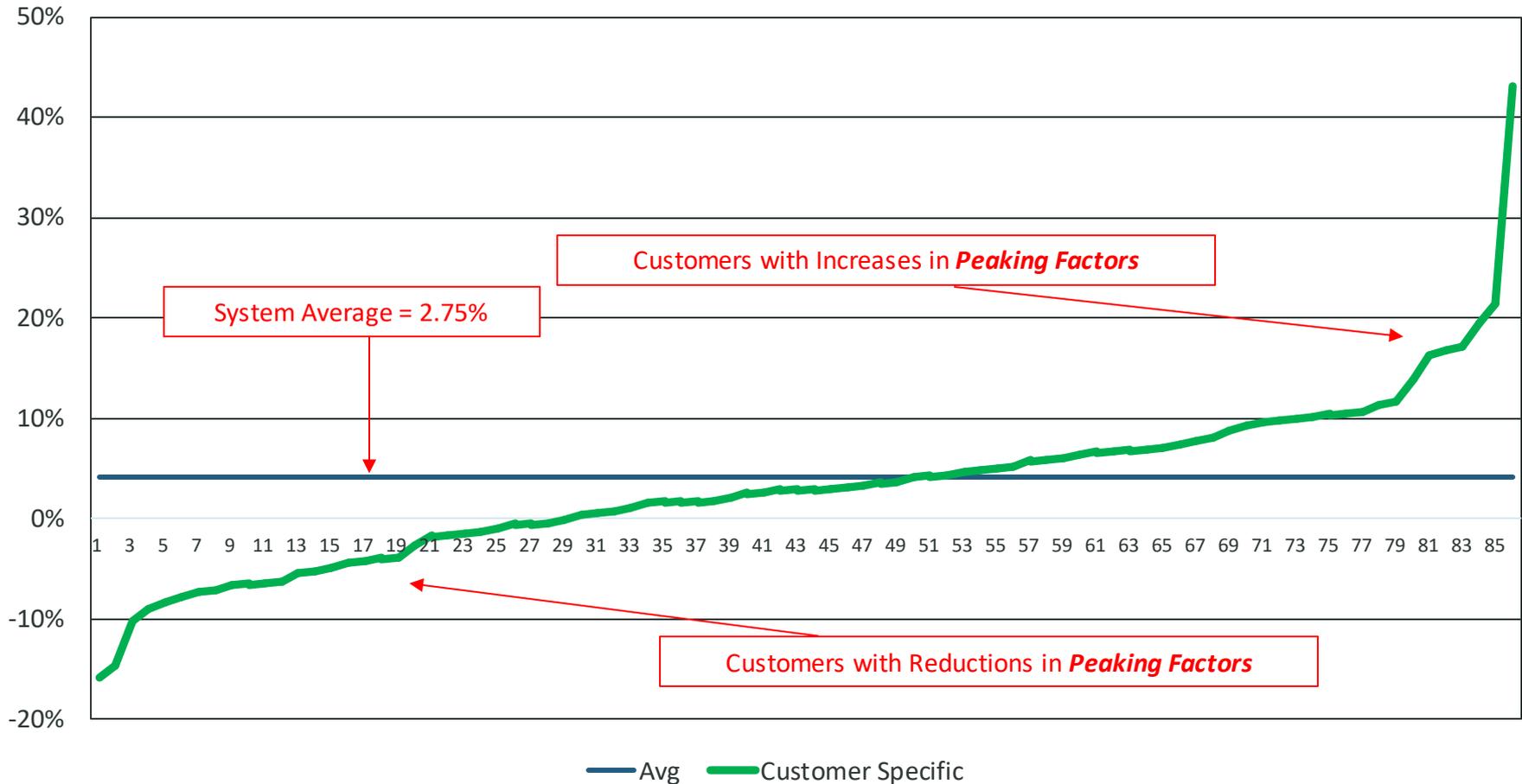
Executive Summary FY 2024 Water Charge Adjustments – *Variability was Expected*



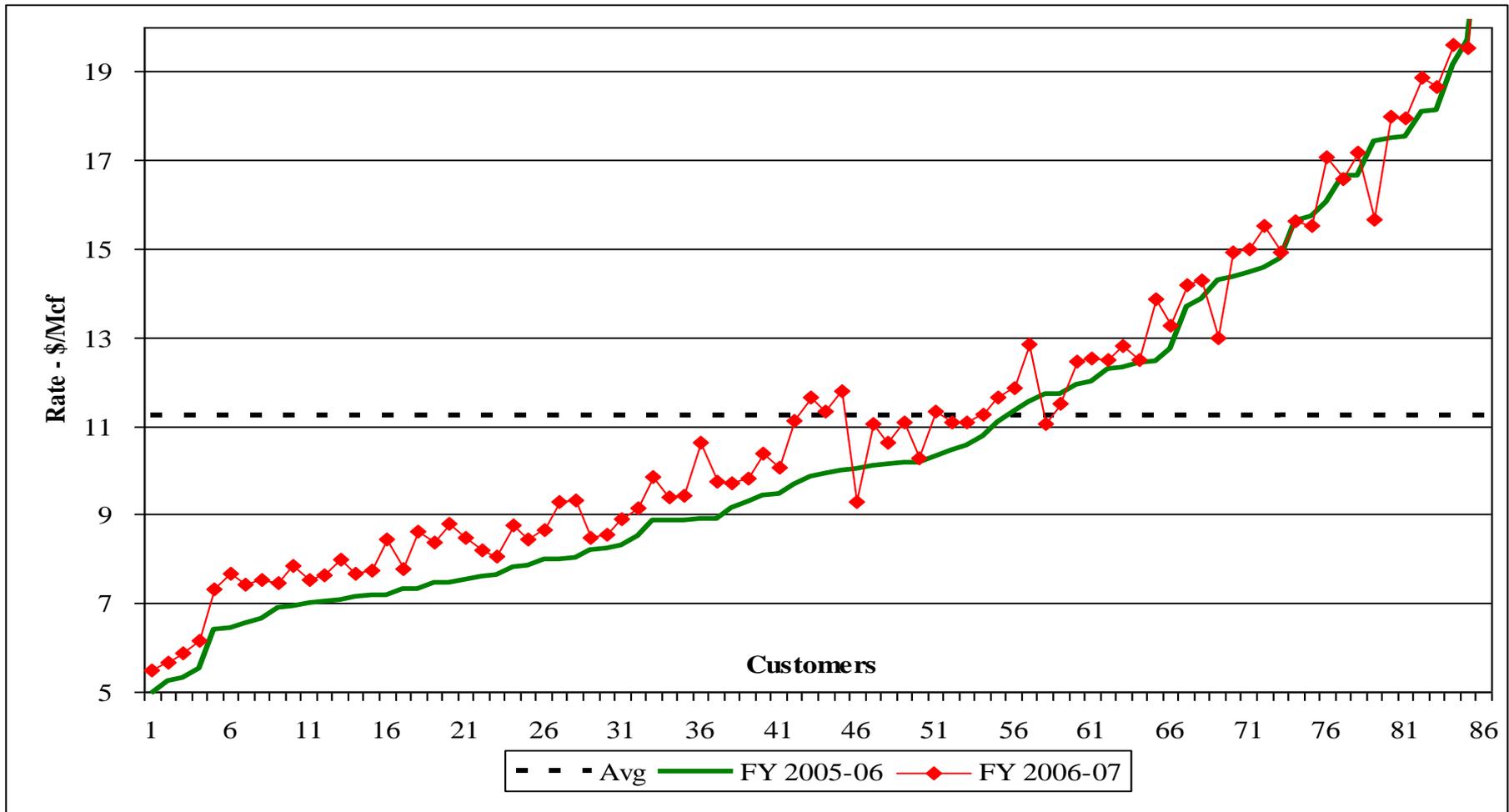
Some Historical Perspective



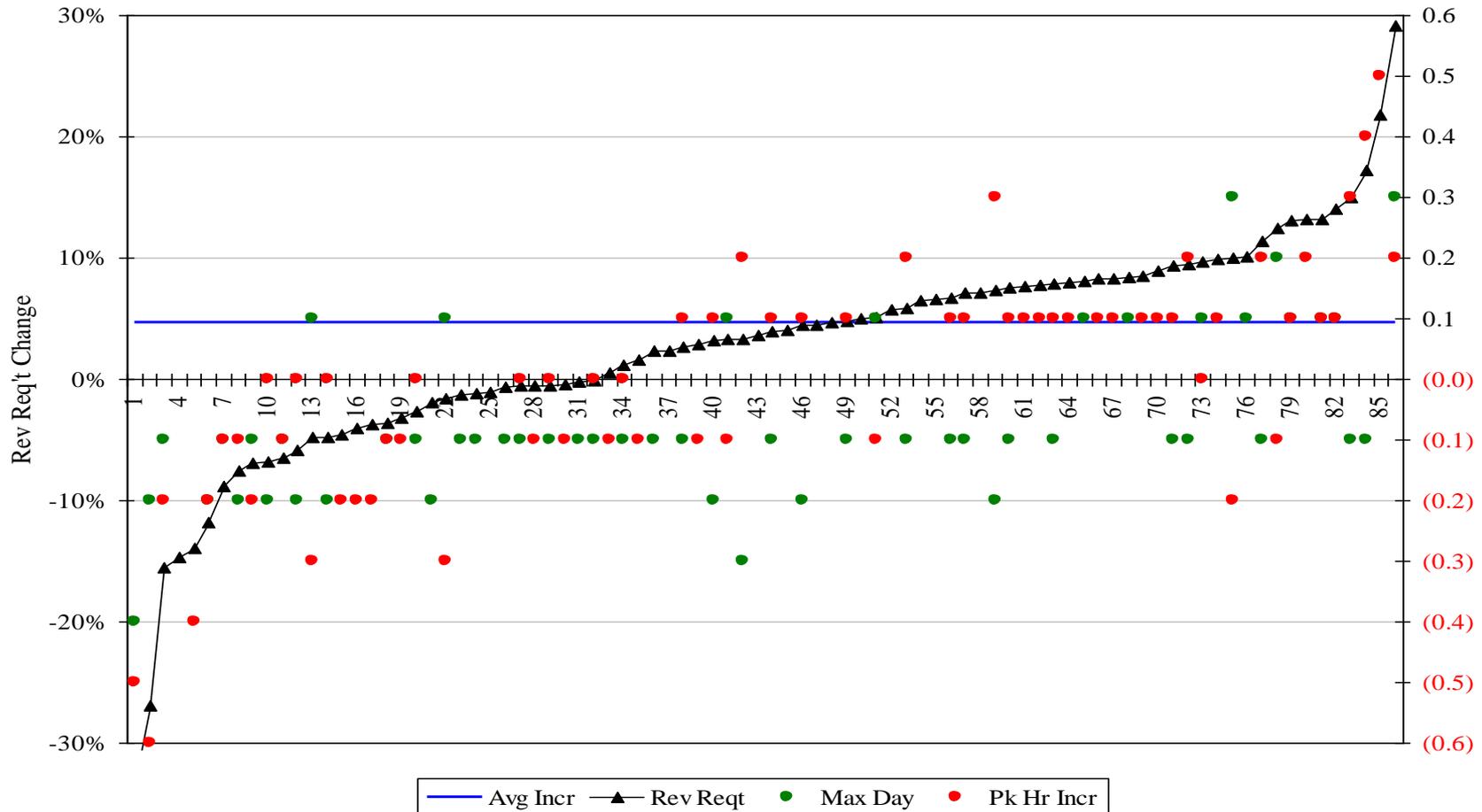
FY 2006 DWSD Wholesale Water Rate Adjustments



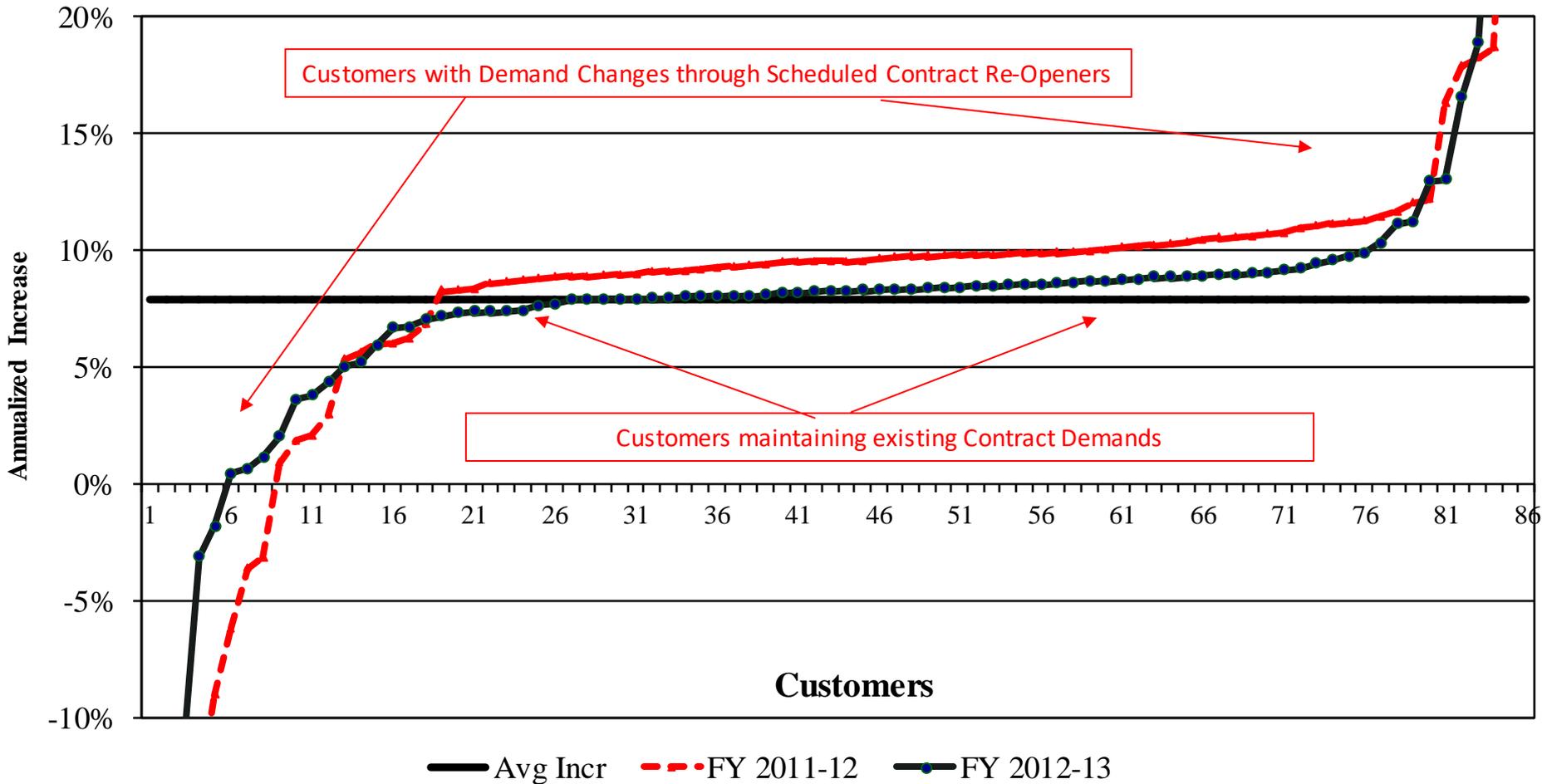
Wholesale Water Rates FY 2006 vs. FY 2007



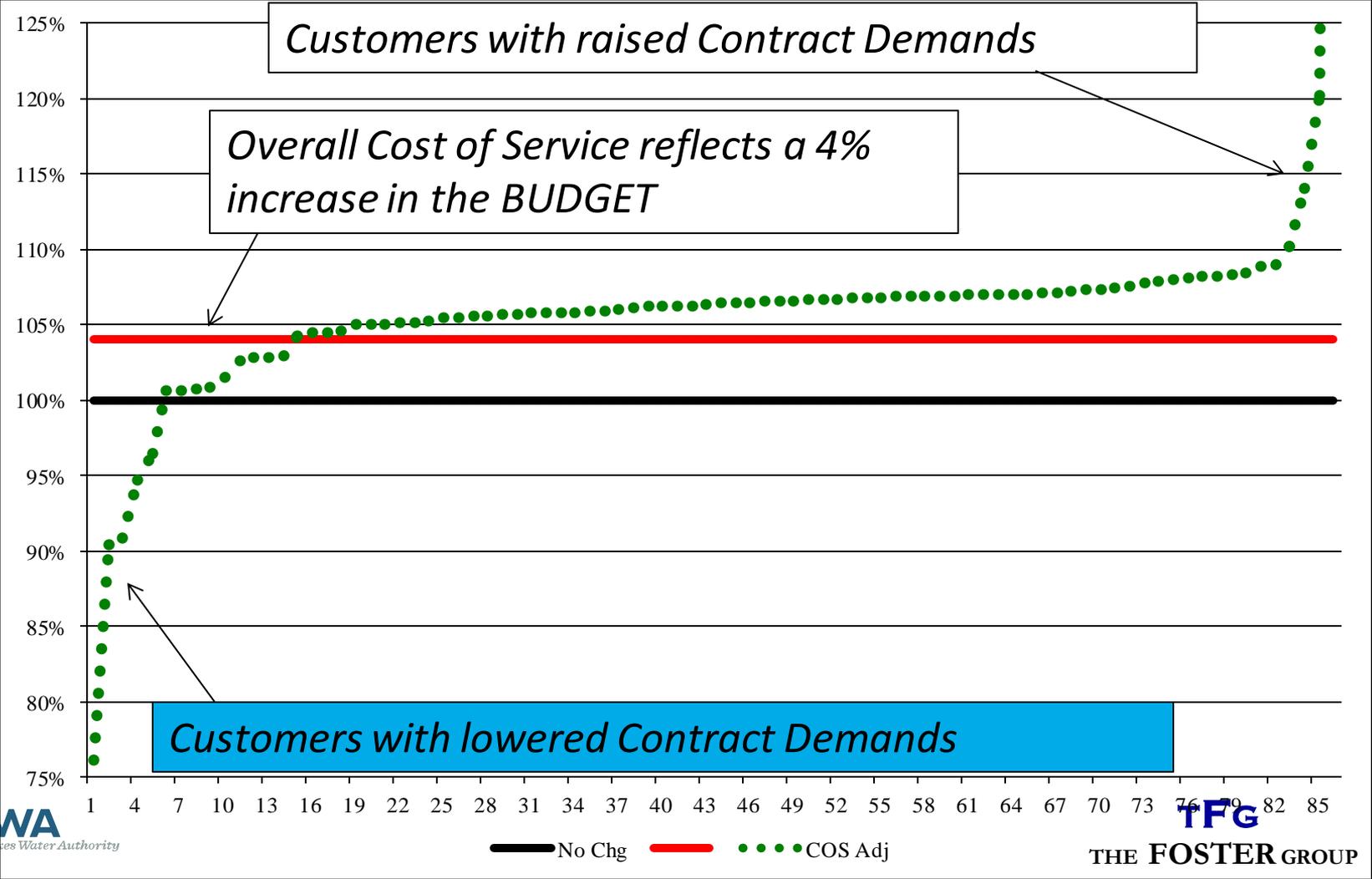
FY 2008 Water Charge Impact Illustration



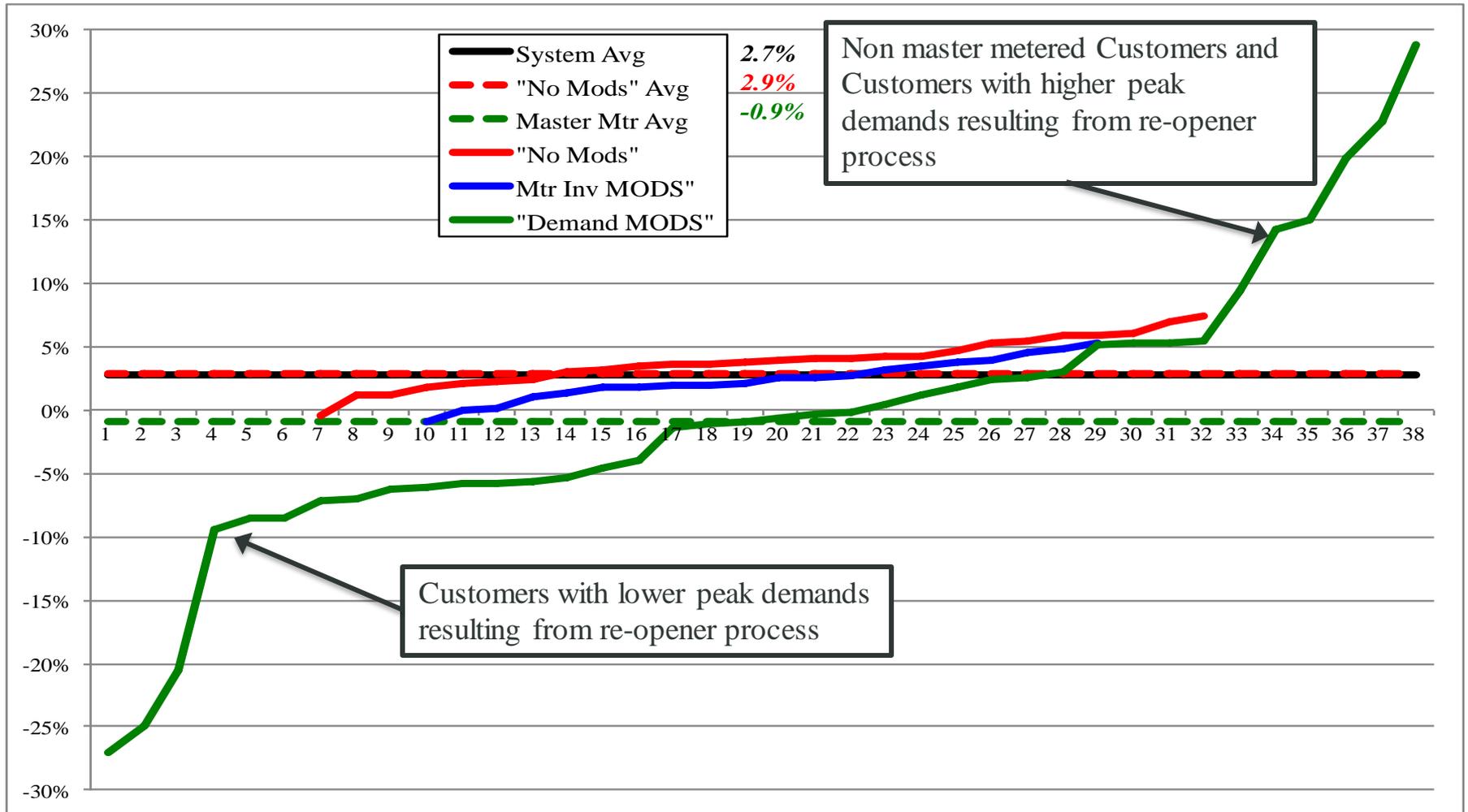
FY 2012 & FY 2013 DWSD Wholesale Water Charge Adjustments



Comparison of Allocated FY 2017 Cost of Service to Allocated FY 2016 Cost of Service



FY 2019 Water Charge Adjustments



Developments since Rollout Meeting #2

- Modified Units of Service
- Annual projected volume changes reflecting additional review of historical data for:
 - ✓ *Allen Park, Fraser – based on office hours review*
 - ✓ *Ecorse, Ferndale – based on internal review*
- Reflect Flint's completed northern connection – now taking ~ 5% of water via GCDC plant
 - ✓ *Reduce Annual volume, Max Day Demand, and Peak Hour Demand by 0.5 mgd*

Anatomy of the Water Charge Adjustment for FY 2024 (\$ millions)

- Systemwide “Wholesale Charge Adjustment” is a 2.75% Increase
 - ✓ 4.0% Budget Increase less: 1.25% of increased levels of investment income and positive sales revenue variance
- “Average System Charge Adjustment” (for Member Partners not receiving contractual credits) of a 2.6% Increase after recognizing fixed contractual credits

Budget Adjustments

Operations & Maintenance	8.06	2.3%
Capital Financing (Debt Svc, I&E Deposit, MBO)	<u>6.18</u>	<u>1.7%</u>
Subtotal Budget Adjustments	14.24	4.0%
Investment Earnings Variance	(3.12)	-0.9%
Baseline Revenue Variance	<u>(1.32)</u>	<u>-0.4%</u>
Total "Wholesale" Charge Adjustment	9.80	2.75%
<i>Impact of Fixed Contractual Adjustments</i>	<u>0.00</u>	-0.2%
<i>Effective "System Charge Adjustment"</i>	9.80	2.6% <i>from non adjusted Member Partners at large</i>

Contractual Water Revenue Requirement Adjustments

- In addition to the Wholesale Revenue Requirement, Proposed Member Partner Water Charges include:
 - ✓ *\$20.7 million annually related to the Detroit Ownership Adjustment Established by the Lease;*
 - ✓ *\$6.65 million annually to fund Flint's share of KWA Debt Service, with which GLWA obtains Raw Water Rights;*
- These amounts are fixed, and therefore the overall “Charge Adjustment” from the other Member Partners (as a group) is lower than the “Wholesale Charge Adjustment” of 2.75%

Water Charge Calculation Worksheet Illustration

- The fixed contractual adjustments add ~ 8.9% to the Wholesale Revenue Requirements:
 - ✓ ~ 6.5% for the Detroit Ownership Adjustment;
 - ✓ ~ 1.9% for the Flint KWA Debt Service Adjustment;
- These adjustments are “fixed” and don’t vary with the Wholesale Revenue Requirement
 - ✓ Which is why the uniform “Total Average Charge Adjustment” is lower than the “Wholesale Charge Adjustment”

Water Charge Calculation Worksheet Illustration

FY 2024 Wholesale Water Service Charge Schedule Calculation *

SOCWA

	(1)	(2)	(3)	(4)	(5)
	Profoma				
	FY 2024 Revenue	System Charge Adjustment		FY 2024 Revenue	Effective
	under Existing			Requirement	Charge
	Charges	Index	Amount	Allocation	Adjustment
	\$	%	\$	\$	\$
<u>Revenue Requirement Analysis Summary</u>					
1 Wholesale Revenue Requirement	356,265,200	2.75%	9,803,600	366,068,800	
2 SOCWA SHARE (a)	6.472%	4.6%	0.300%	6.772%	
3 SOCWA Wholesale Revenue Req'ts	23,055,900	7.5%	1,733,200	24,789,100	6.9%
4 Detroit Ownership Adjustment	1,521,900	5.1%	78,200	1,600,100	0.3%
5 Flint KWA Debt Service Adjustment	443,500	4.7%	20,900	464,400	0.1%
6 TOTAL	25,021,300		1,832,300	26,853,600	7.3%
<u>FY 2024 Service Charge Schedule</u>					
7 Total Amount Required from Charges				26,853,600	
8 Fixed Monthly Charges @		60%		16,112,200	\$1,342,700 per month
9 Commodity Charges @		40%	1,250,800	10,741,200	\$8.59 per Mcf *
* Commodity Revenue Requirement adjusted to match 12 "rounded" monthly payments					
<u>Relative Increase over Wholesale Revenue Requirements</u>					
10 Detroit Ownership Adjustment	6.6%	-2.2%	-0.1%	6.5%	Line 4 / Line 3
11 Flint KWA Debt Service Adjustment	1.9%	-2.6%	-0.1%	1.9%	Line 5 / Line 3

- Flint is allocated 3.4% of the Wholesale Revenue Requirement, so net effect of Flint's participation in the GLWA System is a 1.4% charge benefit to all other Member Partners

Water Charge Calculation Worksheet

Illustration

Cost of Service Analysis Summary

<u>Units / SHARE Calculations</u>	<u>Basis</u>	<u>Units</u> Mcf/day	<u>Applied Units</u> Mcf/day ~	
1 Annual Sales - Mcf	1,250,800	3,426.8		Sales = 36 month "hybrid" -> 9/22
2 Allocated Non-Revenue Water		453.2		Allocated share @ 13.2% of sales
3 Commodity Units		3,880.0	3,880.0	Line 1 + Line 2
4 Max Day Units - mgd	60.50	8,087.7	8,540.9	Contract or proxy + Line 2
5 Peak Hour Units - mgd	60.50	8,087.7	8,540.9	Contract or proxy + Line 2
6 Distance - miles	22.2			Based on Meter Inventory
7 Elevation - feet	732.0			Based on Meter Inventory
8 Dist-Elev Factor - miles	33.8			[Line 7-610]/10.56 + Line 6

<u>Cost Pool / Usage Category</u>	<u>SOCWA</u> Units	<u>System</u> Total	<u>SOCWA</u> Share	<u>Cost Pool</u> SHARE	<u>SOCWA</u> SHARE =	<u>Column 3 * Column 4</u>
9 Commodity Units - Mcf	3,880.0	55,566	6.983%	3.8%	0.265%	Line 3
10 Max Day Units - Mcf/Day	8,540.9	106,858	7.993%	43.5%	3.477%	Line 4
11 Peak Hour Units - Mcf/Day	8,540.9	134,296	6.360%	0.0%	0.000%	Line 5
12 Peak Hour Increment - Mcf/Day	0.0	27,438	0.000%	2.5%	0.000%	Line 11 - Line 10
13 Peak Hour Distance - Mcf-miles/Day	189,607.4	3,321,977	5.708%	24.1%	1.376%	Line 11 x Line 6
14 Commodity Distance-Elevation - Mcf-miles/Day	131,144.0	1,777,119	7.380%	4.9%	0.362%	Line 9 x Line 8
15 Max Day Distance-Elevation - Mcf-miles/Day	288,681.5	3,574,400	8.076%	3.3%	0.267%	Line 10 x Line 8
16 Peak Hour Distance-Elevation - Mcf-miles/Day	288,681.5	4,425,039	6.524%	13.9%	0.907%	Line 11 x Line 8
17 Peak Hour Increment Dist-Elev - Mcf-miles/Day	0.0	850,639	0.000%	2.4%	0.000%	Line 12 x Line 8
18 Equivalent Master Meters	4,998	67,158	7.442%	1.6%	0.119%	Equivalent 5/8" meters
19 Total				100.0%	6.772%	

SOCWA Summary by Major Category

20 Commodity	8.406%
21 Max Day	8.096%
22 Peak Hour	5.883%
23 Total Demand	7.086%
24 TOTAL SHARE	6.772%



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Great Lakes Water Authority



Proposed FY 2024 Wastewater Charges

January 12, 2023



Executive Summary Takeaways

- Proposed FY 2024 Sewer Charges represent a **uniform 2.81% increase** over existing charges for ALL Member Partners
 - ✓ *2.75% to address FY 2023 Budget increase;*
 - ✓ *~ 0.06% to recognize contractual amounts related to OMID Specific Cost Pool*
- Proposed FY 2024 Sewer Charges continue SHAREs developed for FY 2022
 - ✓ *Scheduled to be adjusted for FY 2025 Charges*
- Proposed FY 2024 Sewer Charges do not contain any amounts related to Highland Park Bad Debt Expense

Overview of Documents Supporting Proposed Charges

- December 30, 2022 “FY 2024 Cost of Service Study Service Charge Recommendations” Memorandum Report, which includes as Appendices:
 - ✓ *December 14, 2022 memorandum: “Proposed FY 2024 Water and Sewer Charges”*
 - ✓ *December 30, 2022 memorandum: “GLWA Financial Forecast Update”*
 - ✓ *December 20, 2022 memorandum: “Proposed FY 2024 Water Units of Service – Updated Units”*

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*

Anatomy of the Sewer Charge Adjustment for FY 2024 (\$ millions)

- Systemwide “Wholesale Charge Adjustment” is a 2.81% Increase
 - ✓ 4.0% Budget Increase less: 1.25% of increased levels of investment income, adjusted to reflect contractual OMID specific cost allocation
- “Average System Charge Adjustment” of a 2.8% Increase after recognizing fixed contractual credits

Budget Adjustments

Operations & Maintenance (O&M) Expense	21.59	4.50%
Capital Financing (Debt Service, etc.)	(2.34)	-0.49%
Subtotal Budget Adjustments	19.25	4.01%
Investment Earnings Variance	(5.90)	-1.23%
Baseline Revenue Variance	(0.16)	-0.03%
Total "Wholesale" Charge Adjustment	13.19	2.75%
OMID Fixed Contract Variance	0.25	0.06%
Adjusted Subtotal	13.44	2.81%
<i>Impact of Fixed Contractual Adjustments</i>	<i>0.00</i>	<i>0.03%</i>
<i>Effective "System Charge Adjustment"</i>	<i>13.44</i>	<i>2.78% from non adjusted Member Partners at large</i>

Contractual Sewer Revenue Requirement Adjustments

- In addition to the Wholesale Revenue Requirement, Proposed Member Partner Sewer Charges include:
 - ✓ *\$5.5 million annually related to the Detroit Ownership Adjustment Established by the Lease*

Sewer Charge Calculation Worksheet Illustration

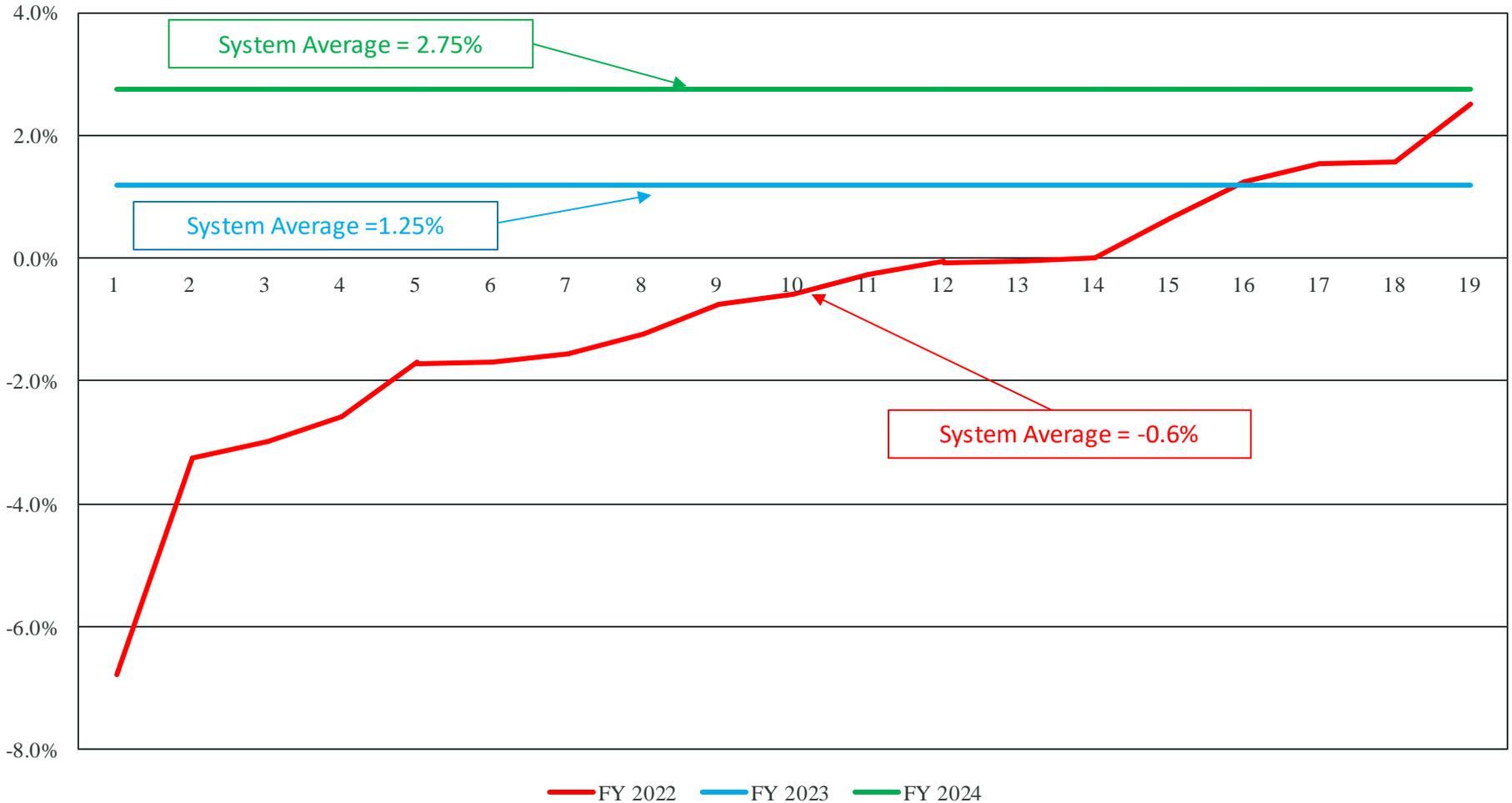
FY 2024 Suburban Wholesale Sewer Service Charge Schedule Calculation *

Rouge Valley

PROPOSED
EFFECTIVE JULY 1, 2023 FOR ALL BILLS
ISSUED ON OR AFTER AUGUST 1, 2023

	(1)	(2)	(3)	(4)	(5)	(6)	
	Existing FY 2023 Charges	System Charge Adjustment Index	Amount	Proposed FY 2024 Charges	FY 2024 Fixed Monthly Charge	Effective Charge Adjustment	
	\$	%	\$	\$	\$	%	
<u>Revenue Requirement Analysis Summary</u>							
1	Rouge Valley Allocated Wholesale Revenue Req'ts	54,801,200	2.81%	1,540,900	56,342,100	4,695,200	2.8% (a)
2	Detroit Ownership Adjustment	1,129,200	0.0%	0	1,129,200	94,100	0.0%
3	Adjusted Allocated TOTAL Revenue Requirements	55,930,400	2.8%	1,540,900	57,471,300	4,789,300	2.8%
4	Fixed Monthly Charge	4,660,900	2.8%	128,400	4,789,300		
<u>Relative Increase over Wholesale Revenue Requirement</u>							
5	Detroit Ownership Adjustment	2.1%		2.0%		Line 2 / Line 1	
(a)	Rouge Valley SHARE	11.804%		11.804%		<- No Change in SHARES until FY 2025	

Executive Summary FY 2024 Sewer Charge Adjustments – *Stability since FY 2022*



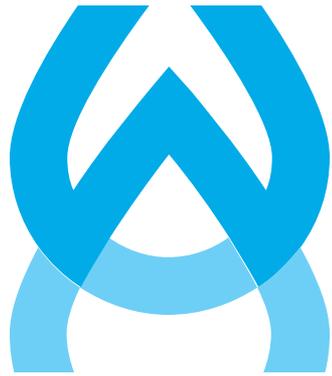


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Concluding Remarks

- GLWA is offering “office hours” to review Charge related material with individual Member Partner representatives
 - ✓ *1/17/2023 and 1/18/2023 – Charges Worksheets and General Discussion*
- Members may sign up by . . .



GLWA

Great Lakes Water Authority



Charges Roll Out #4: FY 2023 & FY 2024 Biennial Budget and Five-Year Plan

Executive Summary Presentation

January 19, 2023



Meeting Agenda

1. Welcome & Agenda Review
2. Proposed **Budget and Financial Forecast** Highlights
3. Follow-up from Charges Roll Out # 3 and One-on-One Meetings
4. Break
5. Water & Wastewater **Charges Q&A**
6. Next Steps
7. Closing Comments and Adjourn

Proposed Budget Highlights



Charge Season Schedule

This is the third formal “charge rollout” meeting for the FY 2024 Budget and Charges

- **10/19/2022** - Capital Improvement Programs
- **11/16/2022** - Preliminary Units of Service
- **1/12/2023** – Preliminary Proposed FY 2024 & 2025 Biennial Budget & Ten-Year Financial Plan and Preliminary FY 2024 Charges
- ➔ • **1/19/2023** – Comprehensive Follow Up Review Session
- **2/22/2023 (tentative)** – GLWA Public Hearing
- **7/1/2023** – Effective Date for Charges

Parallel meetings of Outreach Charges Work Groups

What is GLWA's "Financial Plan"?

- ✓ What is GLWA's financial plan?

The financial plan is a set of documents that transparently charts the financial course on a path of long-term sustainability.

- ✓ Why focus on a long-term plan?

Decisions decades ago impact today; decisions we make today impact future generations. This is the basis for achieving affordability.

- ✓ What goes into a financial plan?

Extensive input, analysis, and collaboration by subject matter experts that span finance, engineering, legal, and operations, both internal and external to GLWA.

What are the Financial Plan documents?

- ✓ FY 2022 & Prior Audited Financial Statements
- ✓ [FY 2024 & FY 2025 Biennial Budget and Five-Year Plan \(FY 2024 – FY 2028\)](#)
- ✓ Ten-Year Financial Plan through FY 2033
- ✓ FY 2024 – FY 2028 Five Year Capital Improvement Plan
- ✓ FY 2024 Water & Sewer Charges Report from The Foster Group
- ✓ Related support documents submitted to the Board and the Audit Committee

Water System

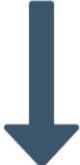
5 
Treatment Plants

 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 

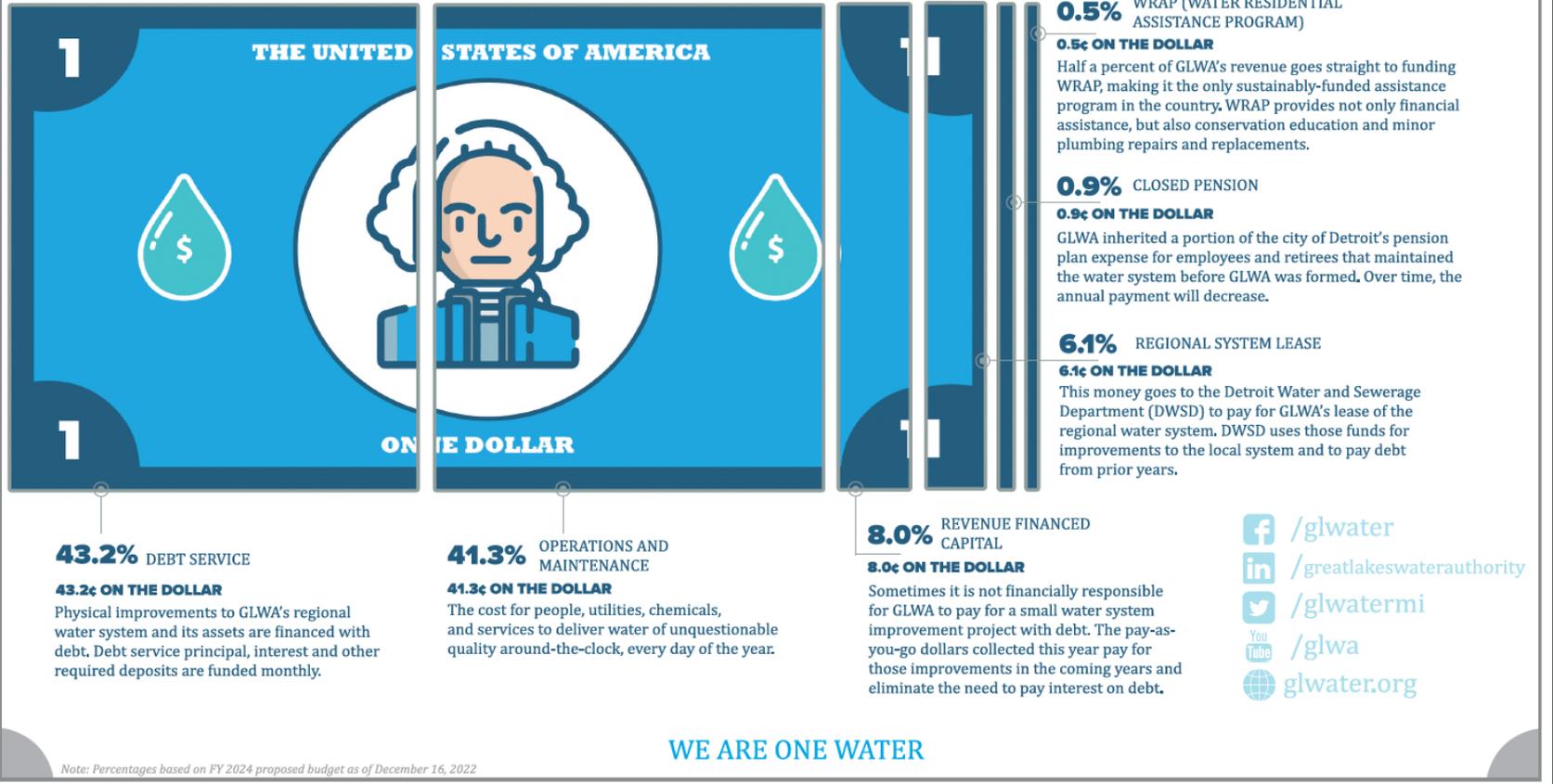
 **1,698 SQ. MILE**
service area

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...



- /glwater
- /greatlakeswaterauthority
- /glwatermi
- /glwa
- glwater.org

Wastewater System

W
R
R
F



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



8 
CSOs

3 
Interceptors

9 PUMP
STATIONS



944 SQ. MILE
service area

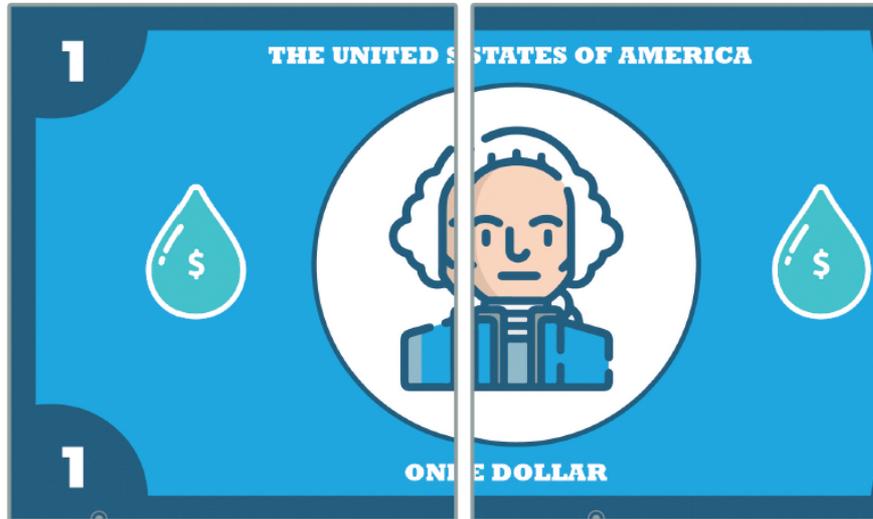
VISION:

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

Three Key BUDGET Categories

“BUDGET” = “Revenue Requirement”

1. *Operations & Maintenance Expense*
2. *Capital Program (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 Expenses*
 - ✓ 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

Financial Plan Highlights

System	Water	Sewer
Theme	<i>Short-term Capital and O&M Pressures</i>	<i>Long-term Sustainability in Sight</i>
Annual Revenue Requirement Increase Limit	<i>4% FY 2024 & FY 2025 6% FY 2026 – FY 2033</i>	<i>4% FY 2024 & FY 2025 5% FY 2026 – FY 2028 3% FY 2029 – FY 2033</i>
CIP & Capital Spending Ratio	<i>January 18, 2023 Version (“CIP Draft 2”) – 100%</i>	<i>January 18, 2023 Version (“CIP Draft 2”) – 100%</i>
Reliance on Debt for Capital	<i>More</i>	<i>Less</i>
Debt Service Coverage Ratios	<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>
Risks	<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
O&M Biennial Budget Forecast - FY 2024 & FY 2025	<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>
O&M Forecast Remainder of the Five-Year Plan	<i>Average of 2.0% in total</i>	<i>Average of 2.0% in total</i>

Financial Plan Highlights - continued

System	Water	Sewer
<p>Debt Service – Biennial Budget FY 2024 & FY 2025</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 CWRP Funded CIP projects Naturally occurring debt amortization schedule variances also impact</i></p>
<p>Debt Service – Forecast for FYs 2026 – 2028</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

System	Water	Sewer
Other Revenue Requirements	<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
I&E Funding Biennial Budget FY 2024 & FY 2025	<p><i>FY 2024 Deposit to I&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&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>
I&E Funding <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>

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
Water System Revenue Requirements								
Revenues								
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%
Total Revenues	356,071,600	361,931,300	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%
Revenue Requirements								
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%
Annual Water System Revenue Requirements	\$356,071,600	\$361,931,300	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%

<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%
Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)	9,803,600	2.75%	13,470,900	3.7%

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

Schedule 1A - Water System Revenue Requirements Budget

Water 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
Revenues								
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%
Total Revenues	356,071,600	361,931,300	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%
Revenue Requirements								
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%
Annual Water System Revenue Requirements	\$356,071,600	\$361,931,300	\$370,314,500	\$ 14,242,900	4.0%	\$385,127,100	\$ 14,812,600	4.0%
<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%
Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)				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
Revenues								
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%
Total Revenues	\$481,372,100	\$488,744,300	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%
Revenue Requirements								
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%
Annual Sewer System Revenue Requirements	\$481,372,100	\$488,744,300	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%

<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%
Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)				13,191,000	2.75%		17,616,400	3.6%

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
Revenues								
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%
Total Revenues	\$481,372,100	\$488,744,300	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%
Revenue Requirements								
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%
Annual Sewer System Revenue Requirements	\$481,372,100	\$488,744,300	\$500,627,000	\$ 19,254,900	4.0%	\$520,652,100	\$ 20,025,100	4.0%
<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%
Charge Adjustment (Based on Revenue Requirement Increase of 4.0%)				13,193,000	2.75%		17,503,000	3.5%

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
Water System Revenue Requirements							
Revenues							
Revenues from Charges	\$354,947,900	\$353,690,600	\$366,068,800	\$379,539,700	\$402,176,200	\$426,187,200	\$451,293,700
Other Revenues	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Investment Earnings	948,700	8,065,700	4,070,700	5,412,400	5,883,500	6,366,600	7,223,800
Total Revenues	356,071,600	361,931,300	\$370,314,500	\$385,127,100	\$408,234,700	\$432,728,800	\$458,692,500
Revenue Requirements							
Operations & Maintenance (O&M) Expense	\$144,847,700	\$144,847,700	\$152,906,400	\$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	159,823,700	171,560,900	189,385,100	195,905,700	210,937,100
General Retirement System Accelerated Pension	6,268,300	6,268,300	3,395,500	4,173,300	4,142,200	3,967,400	3,826,700
Water Residential Assistance Program Contribution	1,770,500	1,770,500	1,851,600	1,925,600	2,041,200	2,163,600	2,293,500
Regional System Lease	22,500,000	22,500,000	22,500,000	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	29,837,300	15,256,700	20,432,300	35,359,700	42,070,100
Annual Water System Revenue Requirements	\$356,071,600	\$361,931,300	\$370,314,500	\$385,127,100	\$408,234,700	\$432,728,800	\$458,692,500
Annual Water System Charges Revenue Adjustment Percentage			3.1%	3.7%	6.0%	6.0%	5.9%
Annual Water System Revenue Requirements (Budget) Adjustment Percentage			4.0%	4.0%	6.0%	6.0%	6.0%

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
Water System Revenue Requirements							
Revenues							
Revenues from Charges	\$354,947,900	\$353,690,600	\$366,077,800	\$377,715,500	\$400,621,000	\$425,104,800	\$450,900,400
Other Revenues	175,000	175,000	175,000	175,000	175,000	175,000	175,000
Investment Earnings	948,700	8,065,700	4,061,700	7,236,600	7,438,700	7,449,000	7,617,100
Total Revenues	356,071,600	361,931,300	\$370,314,500	\$385,127,100	\$408,234,700	\$432,728,800	\$458,692,500
Revenue Requirements							
Operations & Maintenance (O&M) Expense	\$144,847,700	\$144,847,700	\$152,906,400	\$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	159,823,700	177,435,900	189,059,800	195,830,400	211,262,400
General Retirement System Accelerated Pension	6,268,300	6,268,300	3,395,500	4,173,300	4,142,200	3,970,400	3,826,700
Water Residential Assistance Program Contribution	1,770,500	1,770,500	1,851,600	1,925,600	2,041,200	2,163,600	2,293,500
Regional System Lease	22,500,000	22,500,000	22,500,000	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	29,837,300	7,981,700	21,557,600	35,532,000	41,744,800
Annual Water System Revenue Requirements	\$356,071,600	\$361,931,300	\$370,314,500	\$385,127,100	\$408,234,700	\$432,728,800	\$458,692,500
Annual Water System Charges Revenue Adjustment Percentage			3.1%	3.2%	6.1%	6.1%	6.1%
Annual Water System Revenue Requirements (Budget) Adjustment Percentage			4.0%	4.0%	6.0%	6.0%	6.0%

Sewer Five Year Plan Summary – CIP Draft 1

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

Sewer System Revenue Requirements	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
Revenues							
Revenues from Charges	\$479,816,500	\$477,420,200	\$493,167,700	\$510,784,100	\$536,668,500	\$563,919,100	\$592,465,700
Other Revenues	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Investment Earnings	1,155,600	10,924,100	7,059,300	9,468,000	9,616,200	9,699,800	9,854,100
Total Revenues	\$481,372,100	\$488,744,300	\$500,627,000	\$520,652,100	\$546,684,700	\$574,018,900	\$602,719,800
Revenue Requirements							
Operations & Maintenance (O&M) Expense	\$184,052,600	\$194,822,500	\$205,643,700	\$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	225,012,300	223,429,900	230,202,100	241,302,800	256,207,500
General Retirement System Accelerated Pension	11,620,700	11,620,700	6,479,300	8,228,800	8,158,800	7,765,700	7,449,200
Water Residential Assistance Program Contribution	2,394,200	2,394,200	2,503,100	2,603,300	2,733,400	2,870,100	3,013,600
Regional System Lease	27,500,000	27,500,000	27,500,000	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	33,488,600	42,669,700	56,831,300	69,620,400	76,836,400
Annual Sewer System Revenue Requirements	\$481,372,100	\$488,744,300	\$500,627,000	\$520,652,100	\$546,684,700	\$574,018,900	\$602,719,800
Annual Sewer System Charges Revenue Adjustment Percentage			2.8%	3.6%	5.1%	5.1%	5.1%
Annual Sewer System Revenue Requirements (Budget) Adjustment Percentage			4.0%	4.0%	5.0%	5.0%	5.0%

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
Sewer System Revenue Requirements							
Revenues							
Revenues from Charges	\$479,816,500	\$477,420,200	\$493,169,700	\$510,672,700	\$536,616,200	\$563,859,700	\$592,390,600
Other Revenues	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Investment Earnings	1,155,600	10,924,100	7,057,300	9,579,400	9,668,500	9,759,200	9,929,200
Total Revenues	\$481,372,100	\$488,744,300	\$500,627,000	\$520,652,100	\$546,684,700	\$574,018,900	\$602,719,800
Revenue Requirements							
Operations & Maintenance (O&M) Expense	\$184,052,600	\$194,822,500	\$205,643,700	\$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	225,012,300	228,638,200	232,478,900	244,079,600	259,785,300
General Retirement System Accelerated Pension	11,620,700	11,620,700	6,479,300	8,228,800	8,158,800	7,772,300	7,449,200
Water Residential Assistance Program Contribution	2,394,200	2,394,200	2,503,100	2,603,300	2,733,400	2,870,100	3,013,600
Regional System Lease	27,500,000	27,500,000	27,500,000	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	33,488,600	37,461,400	54,554,500	66,837,000	71,958,600
Annual Sewer System Revenue Requirements	\$481,372,100	\$488,744,300	\$500,627,000	\$520,652,100	\$546,684,700	\$574,018,900	\$602,719,800
Annual Sewer System Charges Revenue Adjustment Percentage			2.8%	3.5%	5.1%	5.1%	5.1%
Annual Sewer System Revenue Requirements (Budget) Adjustment Percentage			4.0%	4.0%	5.0%	5.0%	5.0%

Operations & Maintenance Budget Trends

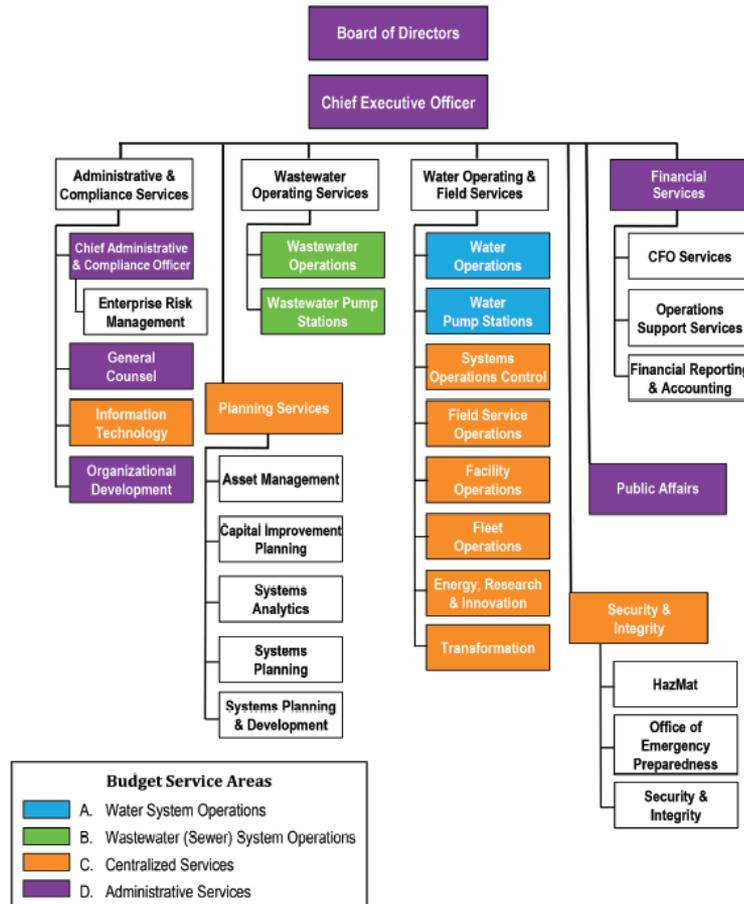


Personnel Costs



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

Organizational Line of Reporting Chart



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%
Grand Total	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

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%
Grand Total	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

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%
Grand Total	\$328,900,300	\$339,670,200	\$358,550,100	\$ 29,649,800	9.0%	\$379,031,000	\$ 20,480,900	5.7%

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%
Grand Total	285,912,900	291,732,900	306,354,100	291,153,200	319,299,700	339,670,200	358,550,100	379,031,000	100%	100%	72,637,200	25%

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	500											
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 **	1.40	1.36	1.25	1.28	1.35	1.35	1.42	1.44	1.53	1.60	1.70	
<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	500	650	572	528	499							
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 **	1.34	1.31	1.33	1.40	1.43	1.44	1.49	1.58	1.66	1.72	1.79	

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
Revenues							
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)
Total Revenues	\$ 44,496,300	\$ 39,024,700	\$ 97,305,600	\$ 10,791,200	\$ 8,775,900	\$ 9,117,700	\$ 13,068,200
Expenditures							
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
Total Expenditures	\$ 44,496,300	\$ 39,024,700	\$ 97,305,600	\$ 10,791,200	\$ 8,775,900	\$ 9,117,700	\$ 13,068,200
<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
Revenues							
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)
Total Revenues	\$ 44,496,300	\$ 49,026,000	\$ 19,986,200	\$ 3,111,600	\$ 22,087,600	\$ 34,448,400	\$ 43,276,500
Expenditures							
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
Total Expenditures	\$ 44,496,300	\$ 49,026,000	\$ 19,986,200	\$ 3,111,600	\$ 22,087,600	\$ 34,448,400	\$ 43,276,500
<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
Revenues							
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
Total Revenues	\$155,501,000	\$ 255,764,000	\$ 255,647,000	\$ 214,013,000	\$ 174,800,000	\$ 179,200,000	\$ 160,922,000
Expenditures							
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)	-	-	-	-	-	-
Total Expenditures (b)	\$155,501,000	\$ 255,764,000	\$ 255,647,000	\$ 214,013,000	\$ 174,800,000	\$ 179,200,000	\$ 160,922,000
(a) Beginning Net Position (estimated)*		\$ 23,100,000	\$ 104,829,300	\$ 50,392,000	\$ 242,234,200	\$ 85,723,100	\$ 204,152,900
Net Use of Reserves		81,729,300	(54,437,300)	191,842,200	(156,511,100)	118,429,800	(153,733,000)
Projected Ending Net Position		\$ 104,829,300	\$ 50,392,000	\$ 242,234,200	\$ 85,723,100	\$ 204,152,900	\$ 50,419,900
(b) Plus Direct I&E Projects	-	-	-	-	-	-	-
Total CIP Expenditures	155,501,000	255,764,000	255,647,000	214,013,000	174,800,000	179,200,000	160,922,000
Total Published Capital Improvement Plan	194,376,000	255,764,000	255,647,000	214,013,000	174,800,000	179,200,000	160,922,000
Capital Spending Ratio	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
Revenues							
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
Total Revenues	\$155,501,000	\$ 225,790,000	\$ 239,259,000	\$ 200,422,000	\$ 176,034,000	\$ 165,814,000	\$ 205,087,000
Expenditures							
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	-
Total Expenditures (b)	\$155,501,000	\$ 225,790,000	\$ 239,259,000	\$ 200,422,000	\$ 176,034,000	\$ 165,814,000	\$ 205,087,000
(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		\$ 141,304,600	\$ 8,459,500	\$ 188,666,700	\$ 49,120,000	\$ 219,474,400	\$ 51,993,300
(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
Revenues							
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)
Total Revenues	\$ 45,139,700	\$ 44,446,900	\$ 21,063,400	\$ 30,603,600	\$ 52,270,800	\$ 67,083,000	\$ 73,910,300
Expenditures							
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
Total Expenditures	\$ 45,139,700	\$ 44,446,900	\$ 21,063,400	\$ 30,603,600	\$ 52,270,800	\$ 67,083,000	\$ 73,910,300
<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
Revenues							
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)
Total Revenues	\$ 45,139,700	\$ 44,446,900	\$ 21,063,400	\$ 25,159,400	\$ 50,077,700	\$ 64,486,800	\$ 70,216,200
Expenditures							
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
Total Expenditures	\$ 45,139,700	\$ 44,446,900	\$ 21,063,400	\$ 25,159,400	\$ 50,077,700	\$ 64,486,800	\$ 70,216,200
<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
Revenues							
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
Total Revenues	\$ 94,449,000	\$ 141,796,000	\$ 189,902,000	\$ 188,644,000	\$ 165,449,000	\$ 134,694,000	\$ 113,121,000
Expenditures							
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)	-	-	-	-	-	-
Total Expenditures (b)	\$ 94,449,000	\$ 141,796,000	\$ 189,902,000	\$ 188,644,000	\$ 165,449,000	\$ 134,694,000	\$ 113,121,000
(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		\$ (125,796,000)	\$ (315,698,000)	\$ (504,342,000)	\$ (669,791,000)	\$ (804,485,000)	\$ (917,606,000)
(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
Revenues							
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
Total Revenues	\$ 94,449,000	\$ 139,093,000	\$ 199,061,000	\$ 174,202,000	\$ 153,518,000	\$ 133,732,000	\$ 116,180,000
Expenditures							
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)
Total Expenditures (b)	\$ 94,449,000	\$ 139,093,000	\$ 199,061,000	\$ 174,202,000	\$ 153,518,000	\$ 133,732,000	\$ 116,180,000
<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&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

Benchmarking

Checking in -

Goals Set, Goals Met



GLWA Average System Charge Adjustments

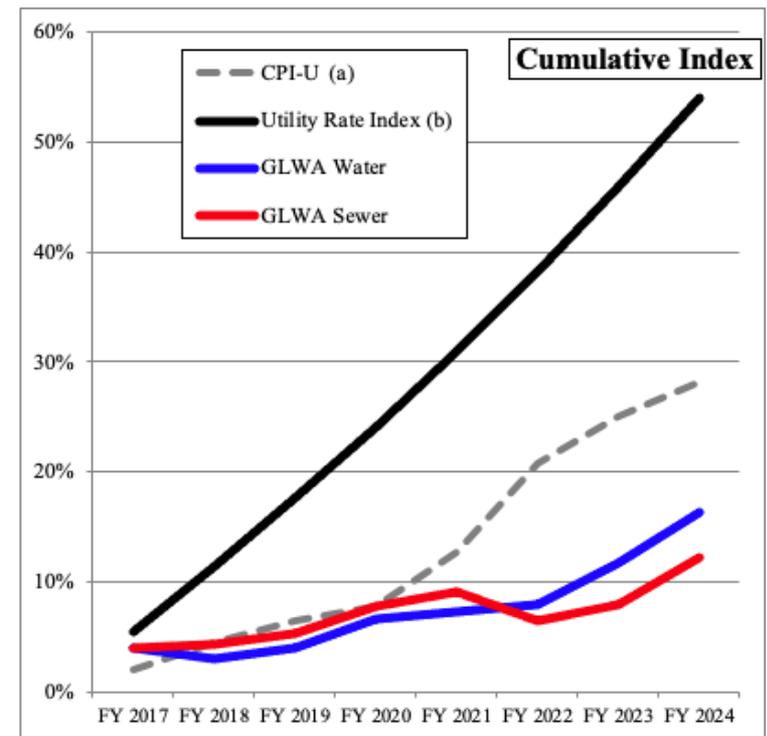
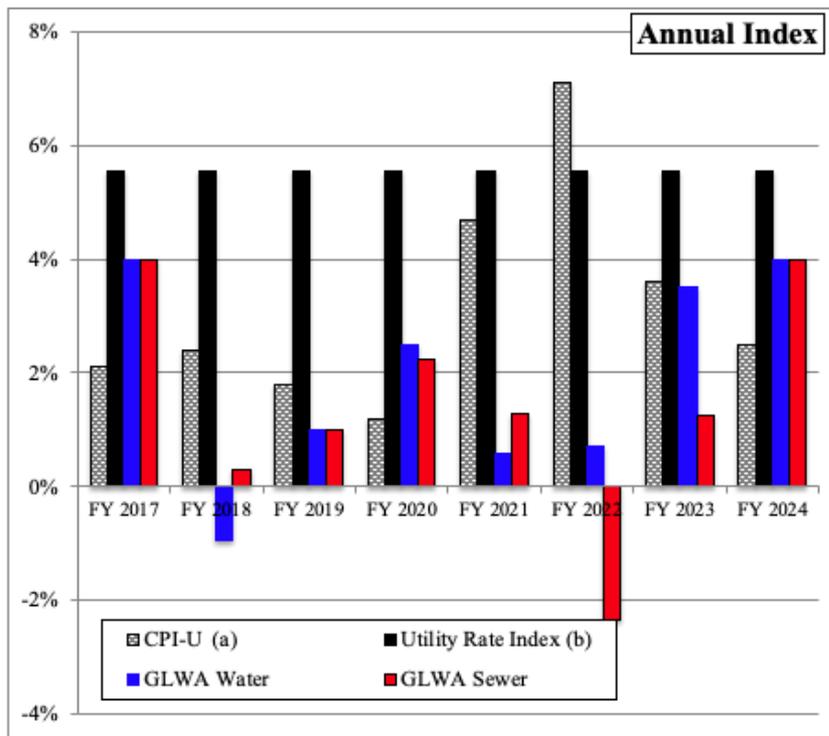
⊕ Average System Charge Adjustments

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	3.7%	2.4%
2024	2.75%	2.75%
7-Year Average	2.2%	0.9%

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%



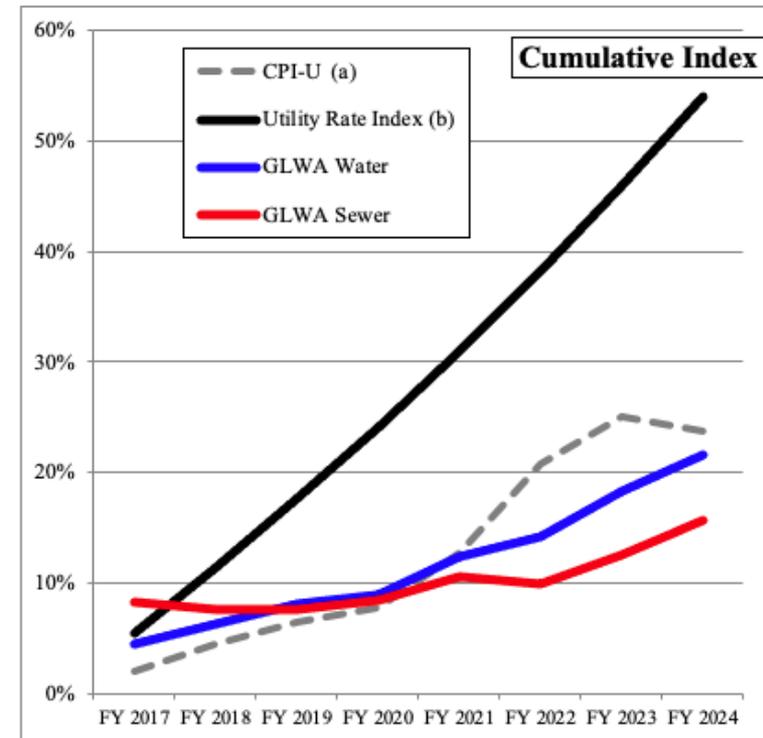
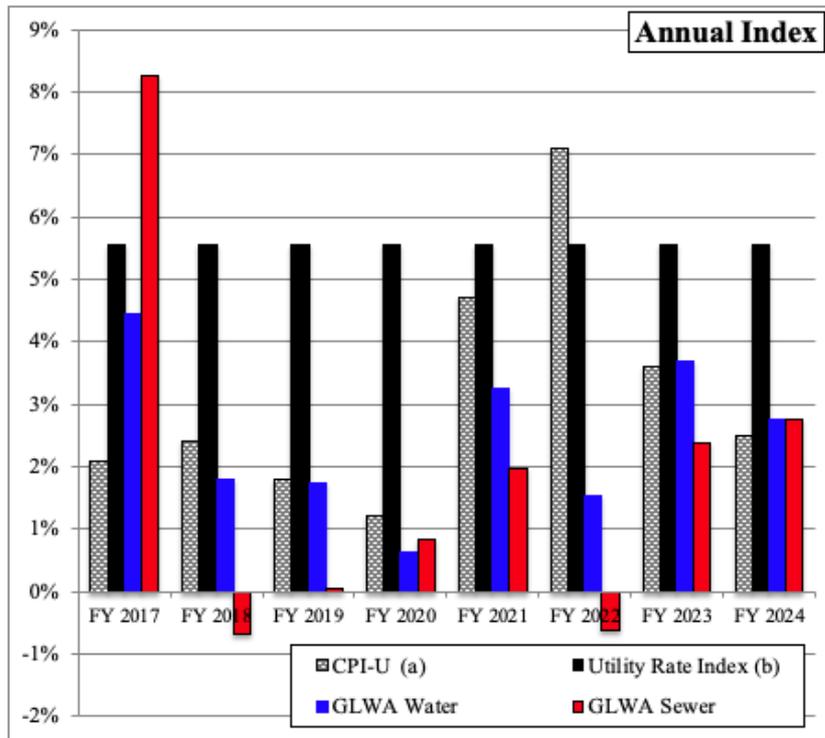
(a) Source: Bureau of Labor Statistics, FY 2022 - FY 2024 estimated based on EOTF Report

(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



GLWA

Great Lakes Water Authority

Hot Topics From Charges Rollout #3



Hot Topics from Charges Rollout #3

1. Mod/No Mod: Charge Simplicity & Stability Strategies
2. Impact of “CAP Plus” reset
3. Interest in Historical SHAREs
4. Schedule / Scope for Water Charges Methodology Review
5. Process for “interim” contract demand re-openers
6. History / rationale for DWSD / Flint contractual credits

Water Member Partner Individual Meetings: Key Themes

- ✓ Since last week's Rollout #3 meeting, 9 Water Member Partners scheduled and participated in individual meetings to discuss charge proposals specific to their communities
- ✓ General themes among both Water and Sewer discussions include interest in a better understanding of:
 - *Charge methodology and community specific charge calculations;*
 - *History / rationale for DWSD Ownership Benefit; and*
- ✓ *Water specific themes included:*
 - *Impact of "CAP Plus" reset*
 - *Interest in Historical SHARES;*
 - *Schedule / scope for Water charges methodology review;*
 - *Process for "interim" contract demand re-openers;*
 - *History / rationale for Flint / KWA Debt Service credit.*

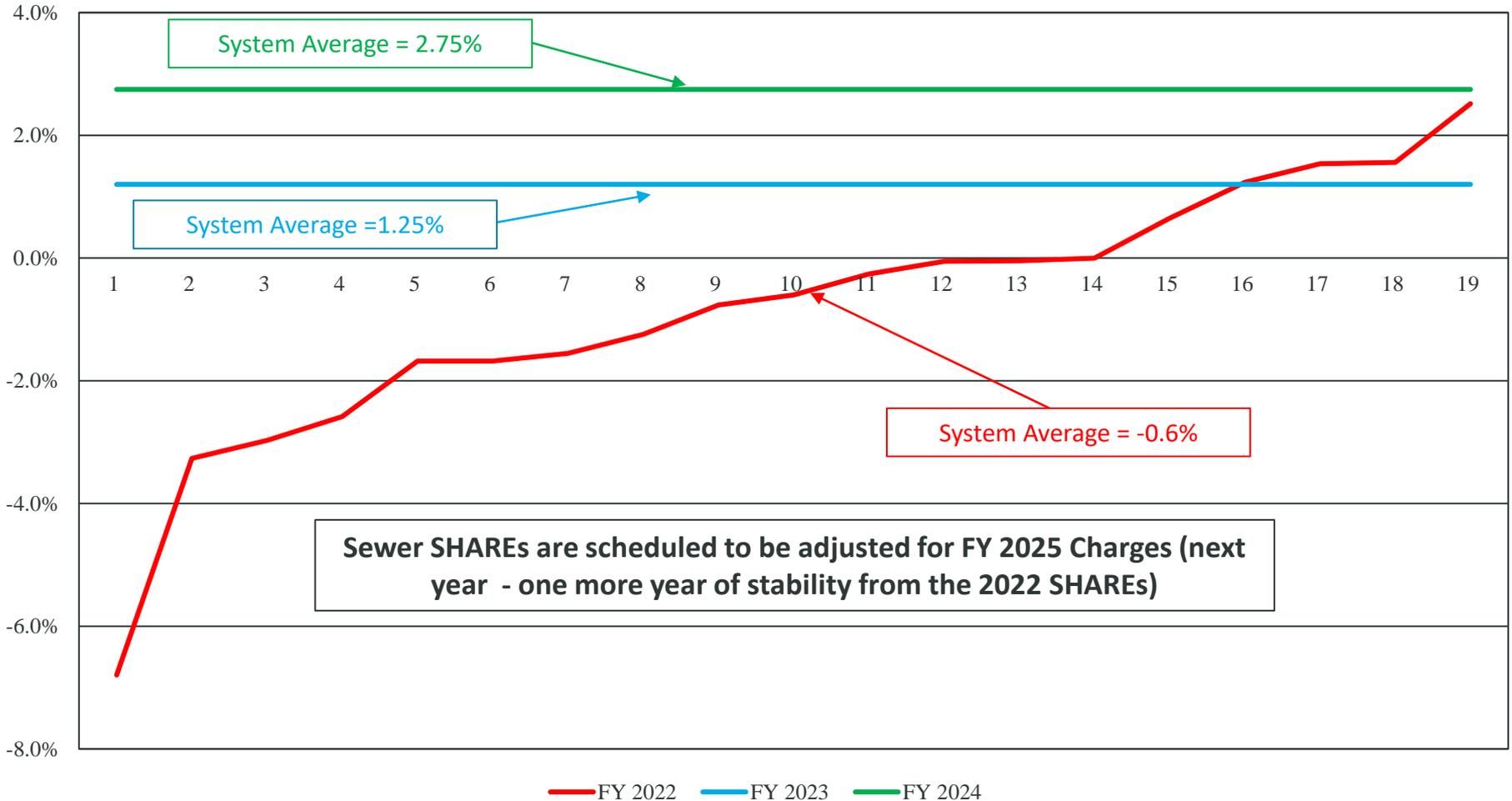
Sewer Member Partner Individual Meetings

Key Themes

- ✓ Since last week's Rollout #3 meeting, 3 Sewer Member Partners scheduled and participated in individual meetings to discuss charge proposals specific to their communities
- ✓ In addition to the general themes, the discussions included interest in better understanding of:
 - *Schedule for future SHARE modifications; and*
 - *Process for interim SHARE modifications for specific Member Partner specific adjustments.*

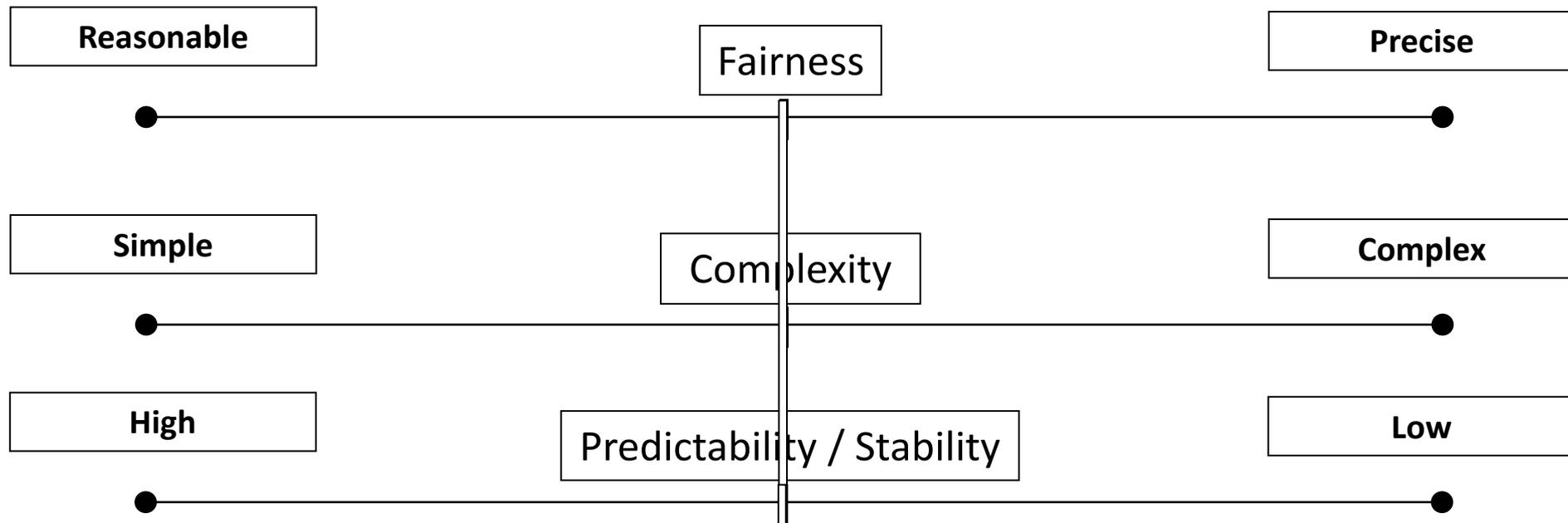
Executive Summary FY 2024 Sewer Charge Adjustments

– Stability since FY 2022



Utility Charges Methodology: Cost of Service *Continuum*

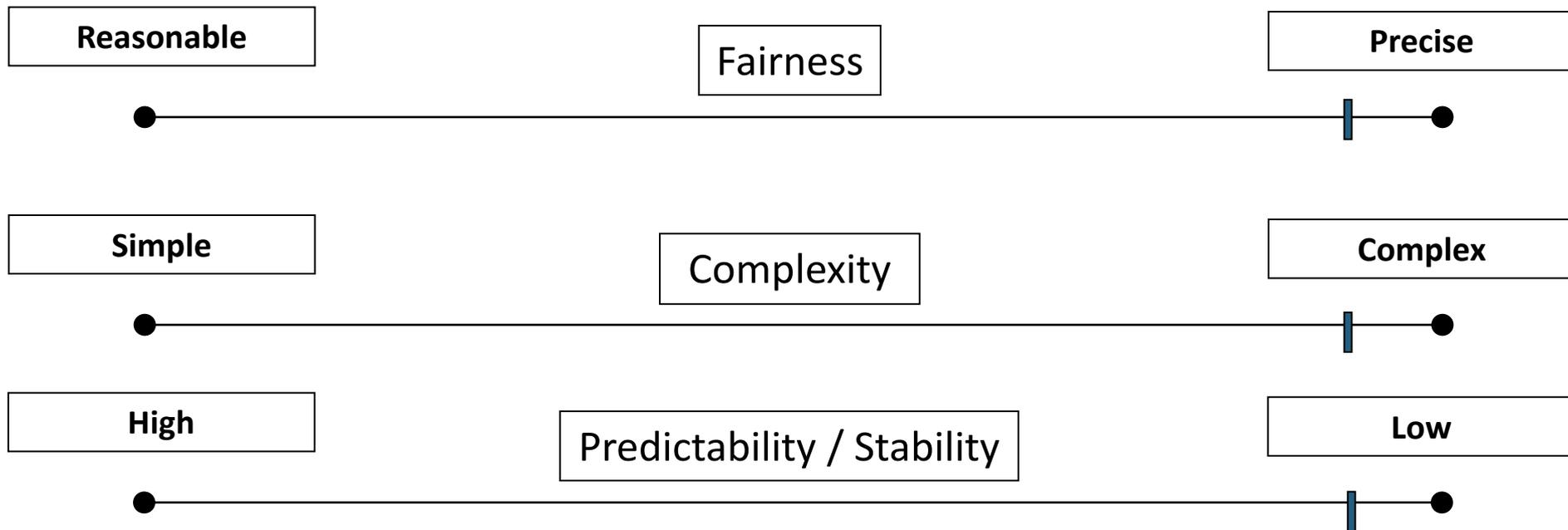
Legacy Fundamental Principle: *“Use best available, verifiable information to establish water and sewer charges”*



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

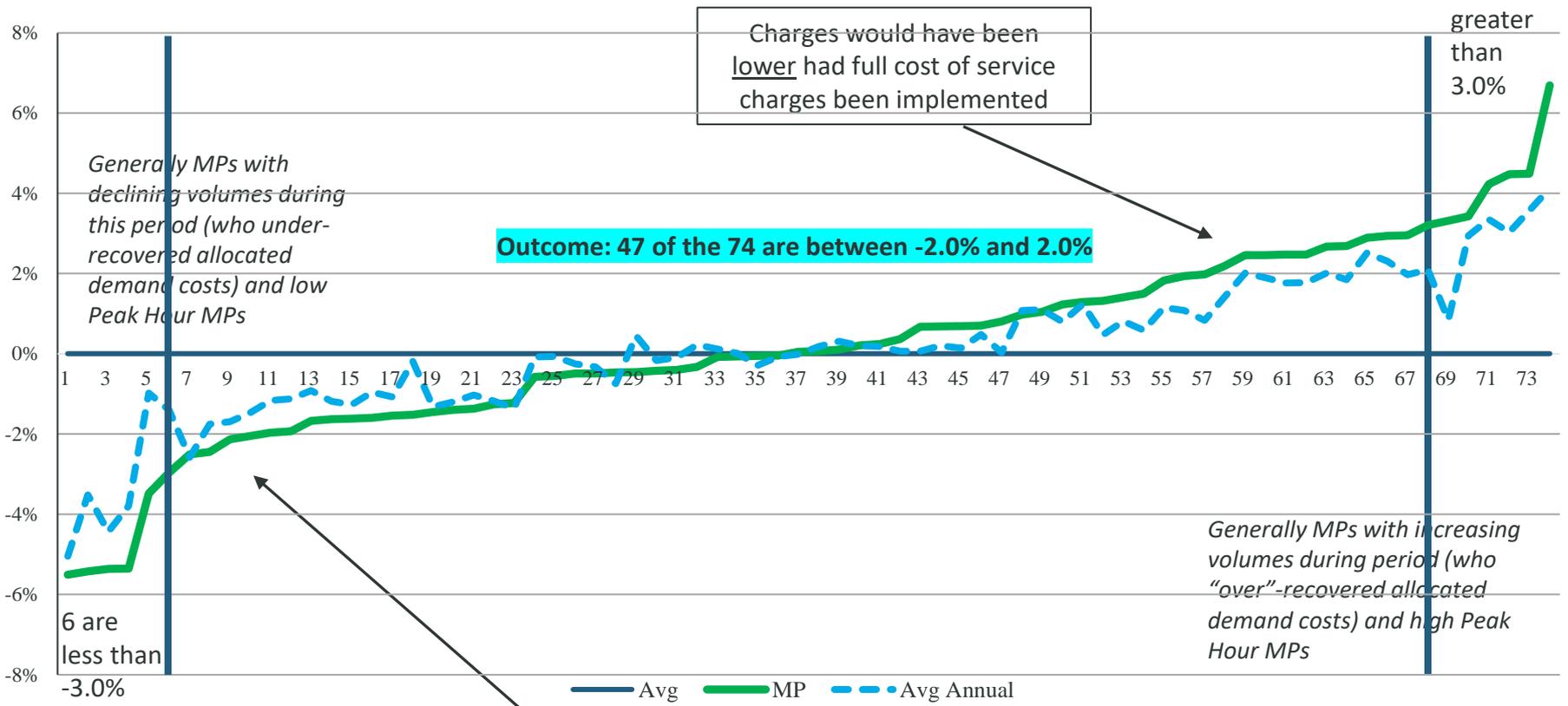
- ✓ While contributed volumes, and related levels of service, may vary amongst Member Partners year to year over the long term the relative level of service is fairly stable
- ✓ There is value in recognizing this stability that is fundamental in the current Sewer Charges Methodology:
 - ✓ *Commitment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

GLWA Water Charge Stability Strategies

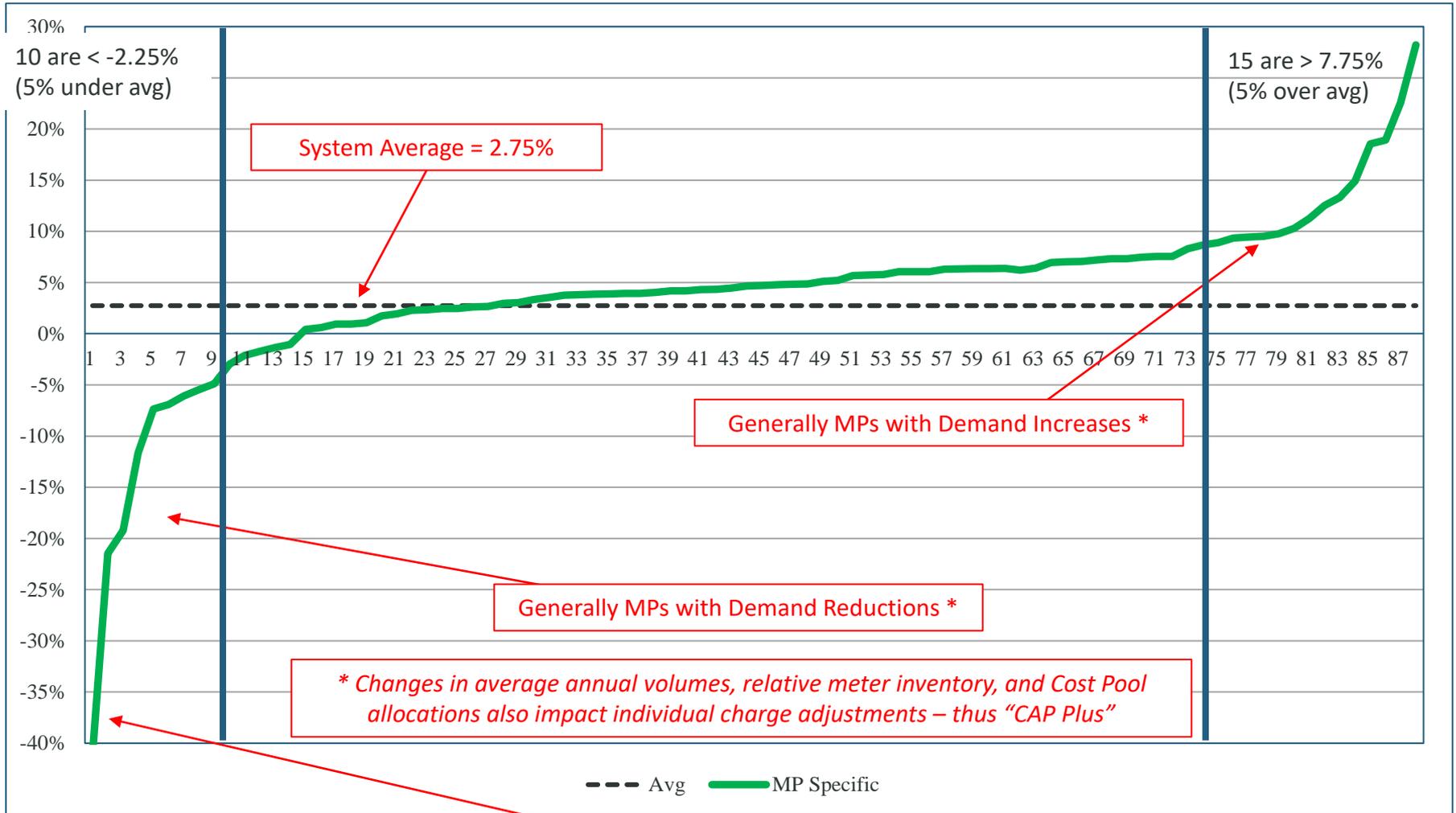
- ✓ Model contract reopeners previously were “staggered”
 - ✓ Result was changes in individual Member Partner demands created charge volatility every year
- ✓ Contract Alignment Process (CAP) initiated for FY 2020 charges sought to minimize annual volatility
 - ✓ *Universal contract demand review every 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*

Stability Achieved: Illustration of Water “Mod / No Mod” Charge Approach for FY 2021 thru FY 2023

Chart indicates the variance between actual charges in effect during FY 2023 compared to the charges that would have been calculated via a full cost of service study. After removing Members who were treated as “Mods” at some point between FY 2021 and FY 2023, and a few small outliers, the range of variance for the remaining 74 Member Partners runs from a 5.5% reduction to a 6.7% increase



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



Sample Illustration of “CAP Plus Reset” Impacts

- ✓ Additional material has been prepared to assist in explaining impacts of the “CAP Plus Reset”
- ✓ This material is designed to provide “talking points” at various levels of simplicity and complexity
- ✓ Member Partner specific exhibits are available

Sample Illustration of CAP Plus Impacts

FY 2024 Wholesale Water Service Charge Schedule Calculation *

SOCWA

	(1)	(2)	(3)	(4)	(5)	
	Profoma					
	FY 2024 Revenue			FY 2024 Revenue	Effective	
	under Existing	System Charge Adjustment	Requirement	Allocation	Charge	
	<u>Charges</u>	<u>Index</u>	<u>Amount</u>	<u>Allocation</u>	<u>Adjustment</u>	
	\$	%	\$	\$	\$	
<u>Revenue Requirement Analysis Summary</u>						
1	Wholesale Revenue Requirement	356,265,200	2.75%	9,803,600	366,068,800	
2	SOCWA SHARE (a)	6.472%	4.6%	0.300%	6.772%	
3	SOCWA Wholesale Revenue Req'ts	23,055,900	7.5%	1,733,200	24,789,100	6.9%
4	Detroit Ownership Adjustment	1,521,900	5.1%	78,200	1,600,100	0.3%
5	Flint KWA Debt Service Adjustment	443,500	4.7%	20,900	464,400	0.1%
6	TOTAL	25,021,300		1,832,300	26,853,600	7.3%

<u>(c) Units of Service / SHARE Comparison</u>		<u>Existing</u>	<u>Proposed</u>	<u>Change</u>	<u>% Change</u>
12	SOCWA Sales Volume - Mcf	1,230,500	1,250,800	20,300	1.6%
13	System Volume - Mcf	17,682,100	17,746,600	64,500	0.4%
14	SOCWA Relative Volume Share	6.959%	7.048%	0.089%	1.3%
15	SOCWA Max Day Units - mgd	60.50	60.50	0.00	0.0%
16	System Max Day Units - mgd	772.69	747.40	(25.29)	-3.3%
17	SOCWA Relative Max Day Share	7.830%	8.095%	0.265%	3.4%
18	SOCWA Peak Hour Units - mgd	60.50	60.50	0.00	0.0%
19	System Peak Hour Units - mgd	989.46	952.65	(36.81)	-3.7%
20	SOCWA Relative Peak Hour Share	6.114%	6.351%	0.236%	3.9%
21	SOCWA SHARE - UoS Update	6.604%	6.811%	0.207%	3.1%
22	Impacts of Cost of Service Study		-0.039%	-0.039%	-0.6%
23	SOCWA SHARE - COS Update	6.604%	6.772%	0.168%	2.5%

Sample Illustration of CAP Plus Impacts

SOCWA

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	
System <i>Average</i> Unit Cost - \$/Mcf	17.46	18.17	18.89	19.35	20.07	20.63	
System <i>Median</i> Unit Cost - \$/Mcf	23.04	22.31	23.20	24.22	24.56	25.52	<i>med > avg - large MPs with low charges</i>
SOCWA Unit Cost	18.25	18.06	18.96	19.37	20.20	21.47	
System Charge Adjustment	1.3%	0.8%	3.2%	1.5%	3.3%	2.8%	
SOCWA Charge Adj	2.9%	-0.1%	3.0%	2.0%	3.1%	7.3%	*
SOCWA MOD Calculated Charge Adj			3.4%	3.6%	3.5%	4.8%	<i>if adjusted annually</i>
SOCWA MOD Calculated Charge Adj			3.4%	4.0%	5.5%		<i>cumulative effect</i>

	<u>Unit Cost</u>	<u>Max Day</u>	<u>Peak Hour</u>	<u>Distance</u>	<u>Elevation</u>	
SOCWA Factors		2.36	2.36	22.2	732	
System Average Factors		2.05	2.62	27.4	689	
SOCWA Relative . . .	58	35	69	63	27	<i>1 = highest, 88 = lowest</i>

SOCWA unit cost is

4% above the average unit cost and -16% below the median unit cost

	<u>Unwind</u>	<u>Volume</u>	<u>CAP</u>	<u>Cost of Svc</u>	<u>Consolidate</u>	<u>Budget</u>	<u>Total</u>
	<u>"No Mod"</u>	<u>Change</u>	<u>Results</u>	<u>Study</u>	<u>Elements</u>	<u>Adjustment</u>	
* FY 2024 Charge "Reset"	2.4%	-0.6%	3.1%	-0.6%	0.2%	2.75%	7.3%

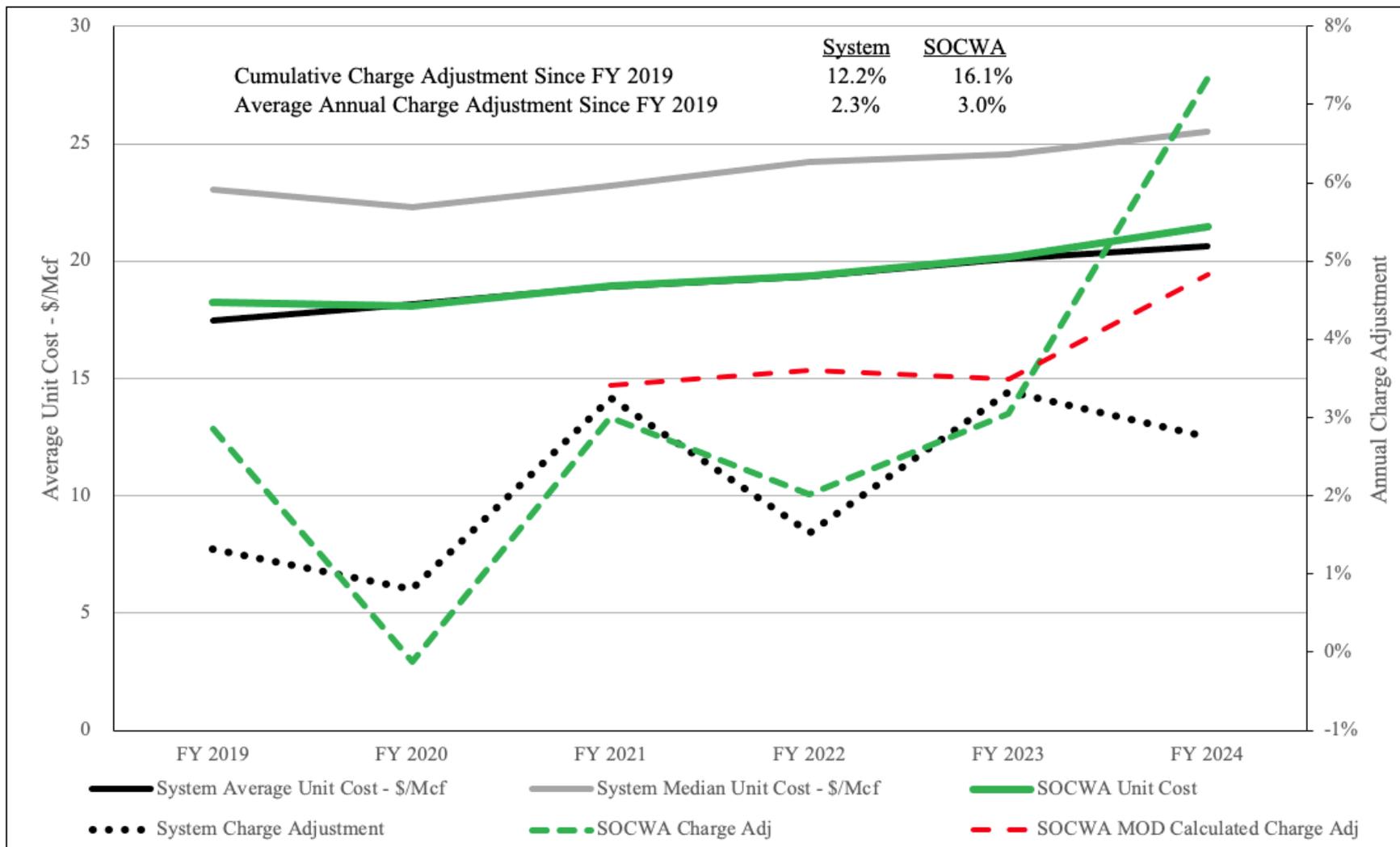
Max Day Customer, FY 2024 primarily impacted by CAP and unwinding FY 2023 No Mod as rev req'ts shifted away from Peak Hour

Sample Illustration of CAP Plus Impacts

SOCWA

Relative SYSTEM Cost Pool	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	SOCWA
Commodity	7.5%	7.6%	8.0%	8.0%	8.7%	8.5%
Max Day	46.1%	46.3%	49.4%	49.4%	46.8%	58.0%
Peak Hour	45.2%	44.9%	41.4%	41.4%	42.9%	32.2%
Total Demand	91.3%	91.2%	90.8%	90.8%	89.7%	90.2%
Master Meter Related	1.2%	1.2%	1.2%	1.2%	1.6%	1.4%
Production (no Distance / Elev)	48.6%	48.7%	51.5%	51.5%	51.3%	57.6%
Distance / Elevation Elements	51.4%	51.3%	48.5%	48.5%	48.7%	42.4%
SOCWA Full COS SHARE	6.527%	6.499%	6.618%	6.604%	6.772%	
SOCWA Implemented SHARE	6.527%	6.443%	6.492%	6.451%	6.772%	
SOCWA Proforma SHARE		6.439%	6.439%	6.471%	6.772%	
Cost Pool Impacts Implemented for __ MPs	88	1	11	~ 4	88	

Sample Illustration of CAP Plus Impacts



Sample Illustration of CAP Plus Impacts

- ✓ *Changes in relative cost pools have impacts on the “reset” – both in unwinding “what would have happened” through FY 2023, and “what will happen” for FY 2024*

FY 2023 "Reset" - Shift from PH to MD

Relative SYSTEM Cost Pool	FY 2020	FY 2023	Change	SOCWA		Plymouth	
				Relative	Change	Relative	Change
			<i>Impact of Reset -></i>		2.4%		-2.4%
Commodity	7.5%	8.0%	6.3%	8.5%	0.5%	8.4%	0.5%
Max Day	46.1%	49.4%	7.0%	58.0%	4.1%	39.7%	2.8%
Peak Hour	45.2%	41.4%	-8.3%	32.2%	-2.7%	50.7%	-4.2%
Total Demand	91.3%	90.8%	-0.6%	90.2%	1.4%	90.5%	-1.4%
Master Meter Related	1.2%	1.2%	2.5%	1.4%	0.0%	1.2%	0.0%
Total	100%	100%		100%	2.0%	100%	-0.9%
Production (no Distance / Elev)	48.6%	51.5%	6.0%	57.6%	3.5%	42.1%	2.5%
Distance / Elevation Elements	51.4%	48.5%	-5.7%	42.4%	-2.4%	57.9%	-3.3%
Total	100%	100%		100%	1.1%	100%	-0.8%

Sample Illustration of CAP Plus Impacts

- ✓ *Changes in relative cost pools have impacts on the “reset” – both in unwinding “what would have happened” through FY 2023, and “what will happen” for FY 2024*

FY 2024 Cost of Service Study - Shift from MD to PH

Relative SYSTEM Cost Pool	FY 2023	Impact of Reset ->		SOCWA		Plymouth	
		FY 2024	Change	Relative	Change	Relative	Change
Commodity	8.0%	8.7%	9.2%	8.5%	0.8%	8.4%	0.8%
Max Day	49.4%	46.8%	-5.2%	58.0%	-3.0%	39.7%	-2.1%
Peak Hour	41.4%	42.9%	3.6%	32.2%	1.1%	50.7%	1.8%
Total Demand	90.8%	89.7%	-1.2%	90.2%	-1.9%	90.5%	-0.3%
Master Meter Related	1.2%	1.6%	29.0%	1.4%	0.4%	1.2%	0.3%
Total	100%	100%		100%	-0.7%	100%	0.9%
Production (no Distance / Elev)	51.5%	51.3%	-0.4%	57.6%	-0.2%	42.1%	-0.2%
Distance / Elevation Elements	48.5%	48.7%	0.4%	42.4%	0.2%	57.9%	0.2%
Total	100%	100%		100%	0.0%	100%	0.1%

Suggested “Talking Points” Re: FY 2024 Water Charges - Key Messages

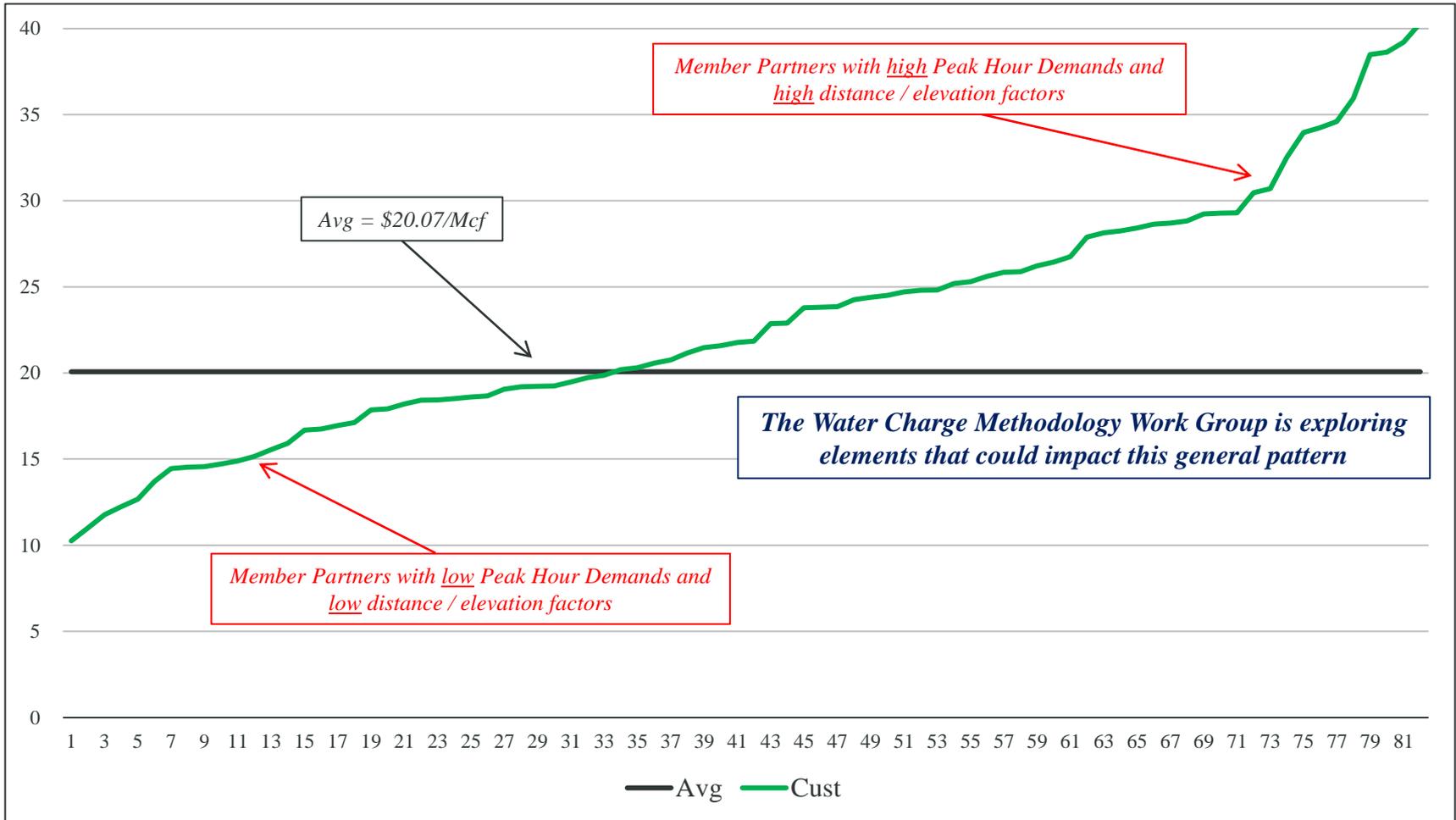
- ✓ “We’re being allocated costs from GLWA based on the demands we place on the System, which go into the contract Exhibit B. Via the Contract Alignment Process, these demands are subject to review every 4 years, at which point in time the cost allocation to all Member Partners are *reset*, potentially creating shifts.”
- ✓ “FY 2024 is a *reset* year – so there is more variability than there has been in the past 3 years.”
- ✓ “That is why our charge adjustment is different from the 2.75% System Average charge adjustment for FY 2024.”

Water Charge Methodology Review

- ✓ The existing Water Charge Methodology is being reviewed by a work group of Member Partner representatives
- ✓ The work group has met regularly for 8 months
- ✓ The group's mission is to explore potential modifications to the existing methodology, with core objectives centered on simplicity and stability
- ✓ The schedule calls for recommendations for consideration this coming summer, with potential implementation for the FY 2025 Water Charges

Relative Current Water “Wholesale Unit Costs”

Wholesale Revenue Requirement / Projected Annual Sales - \$/Mcf





GLWA

Great Lakes Water Authority

DWSD Ownership Benefit – Water From the GLWA / Detroit Lease

SECTION 5.6 Adoption of Budget; Establishment of Rates for Use of Leased Water Facilities.

(b) The Authority shall for each Fiscal Year fix and approve rates and charges to its customers in an amount that is expected to produce Revenues sufficient to satisfy the Authority Revenue Requirement. In connection with the determination by the Authority of the rates and charges applicable to Retail Water Customers in the City for such Fiscal Year, the City shall receive a credit in the amount of \$20,700,000, representing the return on equity to the City for the Water System in recognition of the City's ownership of the Water System and support of the rate structure for the Water System.

DWSD Ownership Benefit – Sewer From the GLWA / Detroit Lease

SECTION 5.6 Adoption of Budget; Establishment of Rates for Use of Leased Sewer Facilities.

(b) The Authority shall for each Fiscal Year fix and approve rates and charges to its customers in an amount that is expected to produce Revenues sufficient to satisfy the Authority Revenue Requirement. In connection with the determination by the Authority of the rates and charges applicable to Retail Sewer Customers in the City for such Fiscal Year, the City shall receive a credit in the amount of \$5,516,000, representing the amount due to the City pursuant to a settlement relating to the Sewer System in recognition of the City's ownership of the Sewer System and support of the rate structure for the Sewer System.

Flint / KWA Debt Service Credit – Water From the GLWA / Flint Service Agreement

12.05 Credits to Wholesale Billing Account Resulting from Trust Account Payments. Customer is obligated to make, or cause to be made, payments to GLWA, KWA and GCDC under the terms of trust accounts established pursuant to the terms of Exhibit C (“Trust Agreement”) of the Master Agreement (“Trust Accounts”). If Customer timely and fully pays, directly or via the Trust Accounts, its monthly amounts (i) due to GLWA for water supplied under this Contract, which includes the Pass-Through Charges from GCDC that are assessed on a direct pass through basis from GLWA to Customer pursuant to Section 7.01; however for purposes of this Section, amounts due will be considered timely and fully paid if Customer has deposited funds as provided in Section 12.02 equal to the Pass-Through Charges from GCDC and the balance of the monthly amounts due to GLWA on such bill that is not in dispute, and (ii) due to KWA for KWA Designated Debt Service (as such term is defined in the Trust Agreement), then GLWA shall in the current or subsequent month issue a credit to Customer’s wholesale billing account equal to the lesser of (y) the KWA Designated Debt Service paid by or on behalf of Customer through the Trust Agreement or (z) in the event of any bond issue not consented to by GLWA under Section 26.01, when such consent is required, the debt service payment currently scheduled as set forth in the Trust Agreements, all under (ii) above.

Next Steps



What to Expect Over the Next 30 - 60 Days

- ❖ **Follow-up Materials from Today's Meeting as requested**
- ❖ **Friday, January 20, 2023** – GLWA mails proposed charges worksheets to Member Partner designee in contract
- ❖ **Wednesday, January 26, 2023** – GLWA Board of Directors Meeting – First Budget, Charges, & Financial Plan Presentation to Board of Directors
- ❖ **Friday, January 28, 2023** – Audit Committee Special Meeting: Review of Proposed Budget & Financial Plan and Related Proposed Charges
- ❖ **Wednesday, February 22, 2023** - GLWA Board of Directors Meeting - Public Hearing for Biennial Budget and Schedule of Charges
- ❖ **Wednesday, February 22, 2023 (On or After)** – Board of Directors action to approved a biennial budget and schedule of charges with an effective date of July 1, 2023
 - ❖ Approved Charges Worksheets will be sent to Member Partners after Board Action

Key Closing Messages

- ✓ Charges: The System-Wide Charges Revenue Increase is 2.75 Percent for both Water and Sewer –Well Below the Rate of Inflation.
 - ✓ *The average GLWA water and sewer charges have increased 2.2% and 0.9% annually since FY 2017*
- ✓ Bad Debt Recovery: Highland Park Bad Debt Expense is NOT Included in the FY 2024 Charges.
- ✓ CAP: For Water System Member Partners, the Contract Alignment Process (CAP) Outcomes Reflected in the Proposed FY 2024 Charges Create Short-Term Variability While Promoting Long-Term Stability.



GLWA

Great Lakes Water Authority