



Charges 101: Capital Improvement Plan

Presented at FY 2026 Charges Rollout #1

Thursday, October 17, 2024

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Agenda

- 💧 Overview of Charges Rollout Meetings
- 💧 Part 1: Finance Basics – Types of Funds
- 💧 Part 2: Capital Improvement Plan & Project Life Cycle
- 💧 Bringing the Two Parts Together – How Does CIP Impact Charges?
- 💧 Capital Improvement Plan Chapter 4 – Finance
- 💧 Questions & Feedback

The image features four tall, clear glass tumblers arranged in a row. Water is being poured into each glass from above, creating dynamic splashes and bubbles. The water level in the glasses increases from left to right. A semi-transparent blue horizontal band is superimposed over the middle of the glasses, containing the title text in white. The background is a light, neutral color.

Overview of Charges Rollout Meetings

About the Charges 101 Series

- 💧 Water and sewer service charges are the result of complex engineering studies and financial analysis
- 💧 Though it is complex, it is in the best interest of all stakeholders to have a basic understanding of charge calculation principles
- 💧 **The Charges 101 Series is designed to provide a user-friendly explanation of how charges are calculated**
- 💧 Intended audience are those who are new to understanding charges as well as seasoned professionals in the water sector who seek information to inform their communities and clients

Disclaimer

- 💧 The nature of the Charges 101 series is intended to be a high-level, user-friendly presentation of technical materials
- 💧 Representation of financial, legal, and technical matters are illustrative in nature
- 💧 Key documents referenced in this presentation are generally available online at www.glwater.org or upon email request to charges@glwater.org

What is Charges Rollout?

- ◆ The charge setting process includes four meetings each year – known as “rollout meetings”
 - ◆ Each meeting focuses on a different topic and informs stakeholders about key inputs into charge setting
 - ◆ Rollout meetings are held via Zoom to encourage participation
- ◆ Key dates for the upcoming FY 2026 Charges (effective July 1, 2025)
 - ◆ Charges Rollout #1 - October 17, 2024 - Capital Improvement Plan (CIP) Version 1.0
 - ◆ Charges Rollout #2 - November 12, 2024 - Units of Service
 - ◆ Charges Rollout #3 - January 9, 2025 – Proposed Charges and Budget
 - ◆ Member Partners receive their annual charge calculation worksheet prior to this meeting
 - ◆ Charges Rollout #4 - January 16, 2025 – Feedback on Proposed Charges and Budget
 - ◆ A schedule of one-on-one meetings is available between Rollout #3 and #4 with the Charges Outreach & Modeling Team and Member Partner representatives

What are Charges Rollout Topics?

Charges and related rollout meetings align with four key topics

◆ *Charges Rollout #1 - Capital Improvement Plan (CIP) Review*

- ◆ Review Draft 1.0 of the CIP document and how that relates to prioritized investment in the GLWA systems (pumps, pipes and plants)

◆ *Charges Rollout #2 - Units of Service (UOS)*

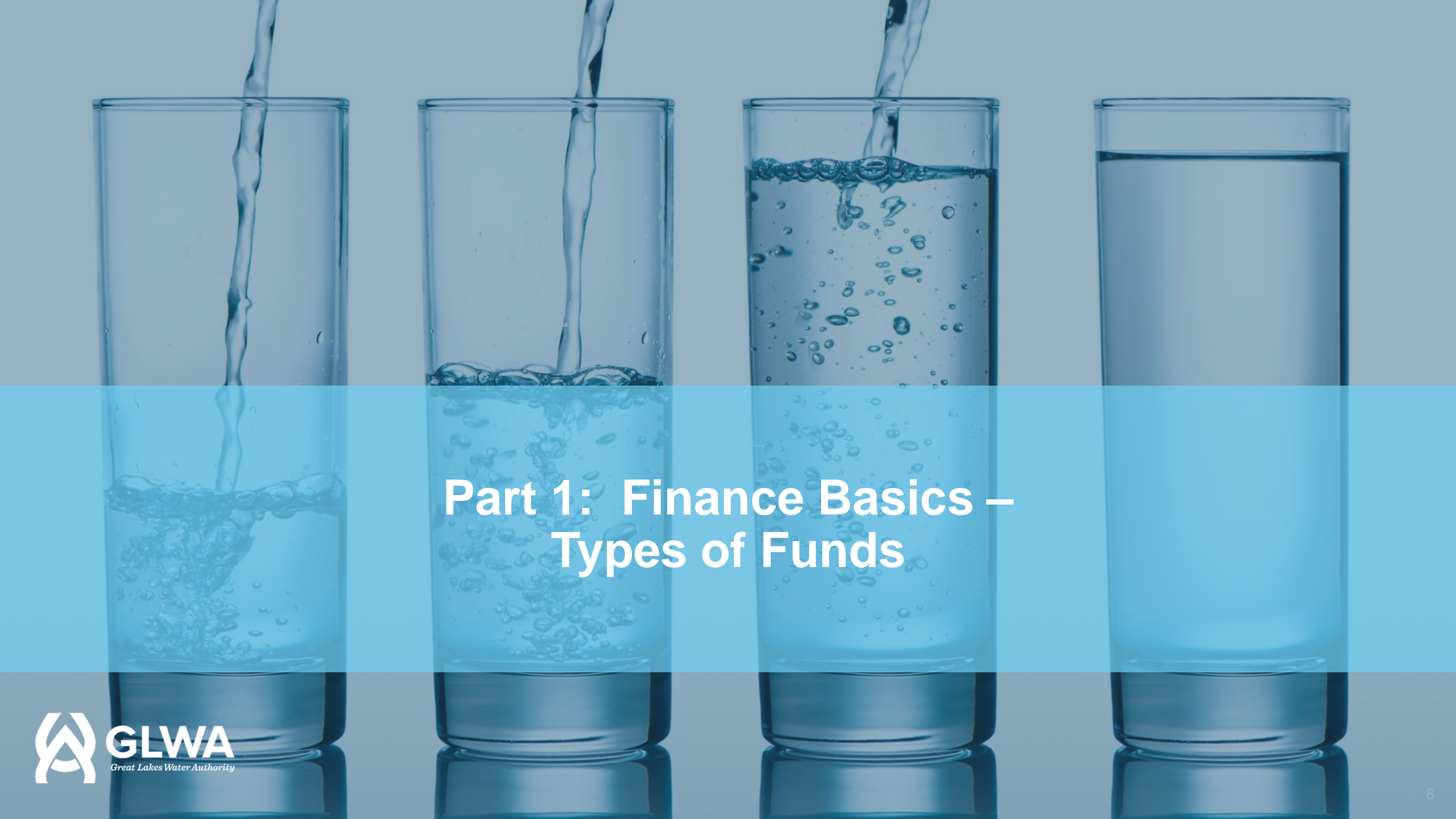
- ◆ For the water system, this includes an analysis of a) the amount of water purchased and forecasted each year, b) contracted demands during peak periods versus actual demands and, c) unique Member Partner scenarios that may encompass contract reopeners
- ◆ For the sewer system, each member partner's SHARE is based on contributed wastewater flows (*SHARES are recalculated every three (3) years*)

◆ *Charges Rollout #3 – Proposed Charges and Budget*

- ◆ *Member Partners received “Charge Calculation Worksheets” based on a Cost of Service Study (COS) prior to Rollout #3*

◆ *Charges Rollout #4 - Feedback on Proposed Charges and further discussion of the **Budget with the Long-term Financial Plan***

- ◆ *The annual budget is also referred to as the “Revenue Requirement” on the “Charge Calculation Worksheets”*



Part 1: Finance Basics – Types of Funds

Finance Basics

- 💧 As an analogy, consider how a household manages its finances
- 💧 Generally, a household has:
 - 💧 Salary or other income sources
 - 💧 Daily living expenses including utilities, supplies, and services
 - 💧 Big purchases, sometimes planned and sometimes not, such as a new furnace or new roof, and
 - 💧 Really big purchases (like a home or car)



Three Types of Household Funds

Checking Account

Increases

- Salary
- Other income

Decreases

- Daily expenses, utilities, supplies, services
- Pay mortgage
- Pay home equity loan

Money left after paying the bills?

- Deposit to savings

Savings Account

Increases

- Salary deposit
- Money left after bills paid

Decreases

- *Big purchases* such as furnace, appliance, or sofa
- Goal?**

- Save for big purchases to avoid debt
- Emergency cash for unforeseen expenses
- Financial stability

Borrowed Funds

Increases

- New debt to buy something

Decreases

- *Really big purchases* such as new home (mortgage) or kitchen remodel (home equity loan)

Goal?

Pay down debt from checking account

Three Types of GLWA Funds

Trust Fund

Increases

- Revenue from Charges
- Other income

Decreases

- Operations & Maintenance
- Debt Payments
- Other Commitments

Money left after commitments paid

- Deposit to I&E Fund

I & E Fund

Increases

- Transfers in from the Trust Fund

Decreases

- Payments for capital outlay and small projects (like trucks or building remodeling)

Goal

- Save to reduce debt
- Emergency cash for unforeseen expenses
- Financial stability

Construction Fund

Increases

- New bonds or SRF Loans
- Other income

Decreases


- Payments for large capital projects like pipes and water or sewer plant upgrades

Goal?

Smart balance of debt vs. savings to be more cost effective

Comparing Household Funds to GLWA Funds

Household	GLWA	GLWA Funds Description
Checking →	Master Bond Ordinance (MBO) Trust Fund	<ul style="list-style-type: none"> - Payments received from Member Partners are deposited to a trust fund - Payments sent from the trust fund pay for operations and maintenance activities, then debt payments followed by other prioritized financial commitments including transfers to the I&E Fund
Savings →	Improvement & Extension (I&E) Fund	<ul style="list-style-type: none"> - Cash is transferred in from the trust fund to the I&E Fund to pay for future capital improvement projects - Payments made from the I&E Fund for capital projects and programs that are lower in dollar amount and/or less than 20 year estimated useful life of asset
Borrowed Funds →	Construction Fund	<ul style="list-style-type: none"> - Cash comes from the sale of bonds or state revolving fund loans to pay for capital projects - Payments made from construction Fund for engineering, construction, and other costs described in the capital improvement plan (CIP)

The background of the slide features four tall, clear glass tumblers arranged in a row. From left to right, the first three glasses are in the process of being filled with water. The first glass has a thin stream of water falling into it, creating a small splash at the bottom. The second glass has a thicker stream of water, creating more bubbles. The third glass is being filled more rapidly, with a large splash and many bubbles. The fourth glass is already full of water, with a smooth surface. A semi-transparent blue horizontal band is overlaid across the middle of the glasses, containing the title text.

Part 2: Capital Improvement Plan & Project Life Cycle

Understanding GLWA's CIP

- ◆ The Capital Improvement Plan generally includes approximately 160 projects in total for the water and sewer systems
- ◆ The next two slides provide a visual of the types of assets that GLWA operates, maintains, upgrades, and improves each year
- ◆ The CIP is a plan that guides budgetary decisions; no project is started without an approval process
- ◆ It is especially important to note that no project in the CIP impacts charges until actual project spending occurs
- ◆ In this section, we will focus on the life cycle of a project

Water System



5 Treatment Plants



797 miles of transmission main



3.9 MILLION PEOPLE SERVED



88 Member Partners across **115** communities



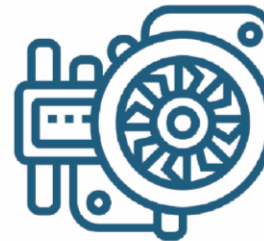
Treatment capacity of **1,720** million gallons per day



3 Water Intakes



19 BOOSTER PUMP STATIONS



1,674 SQ. MILE service area

MISSION: *To exceed our customer's expectations by utilizing best practices in the treatment and transmission of water and wastewater, while promoting health communities and economic growth.*

Wastewater System

W
R
R
F



The largest single-site wastewater treatment facility in the United States



207 miles of trunk sewers & interceptors



2.8 MILLION PEOPLE SERVED



18 Member Partners across **79** communities



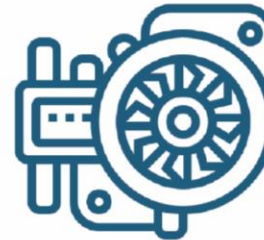
Treatment capacity of **1,700** million gallons per day



9 
CSOs

3 
Interceptors

9 PUMP STATIONS



953 SQ. MILE service area

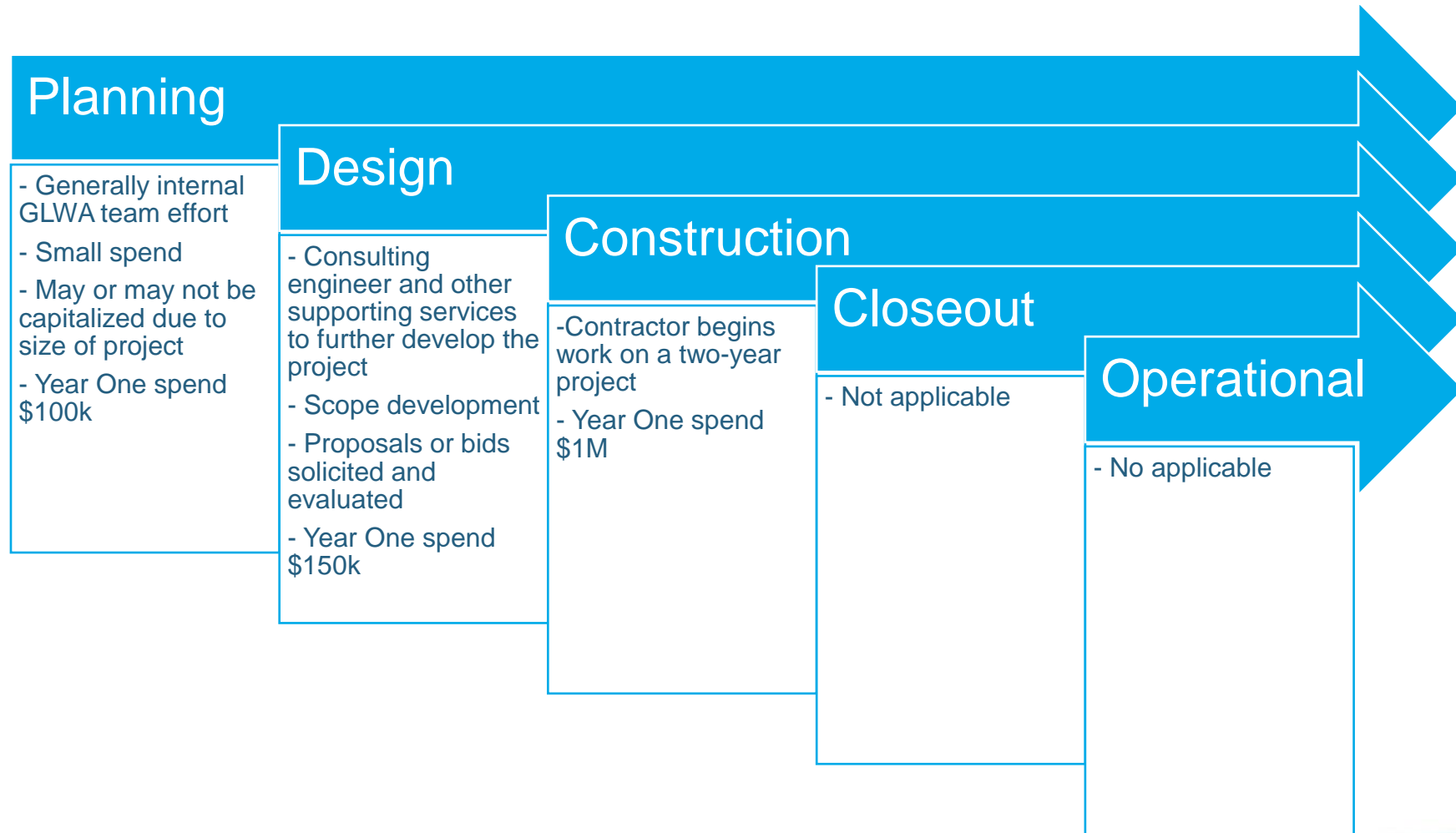
VISION:

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.

CIP Project Life Cycle – Year One

Example

- Year one of a \$2M project that will span two years
- Costs capitalized as “Construction Work in Progress” add up to \$1.25M for Year One



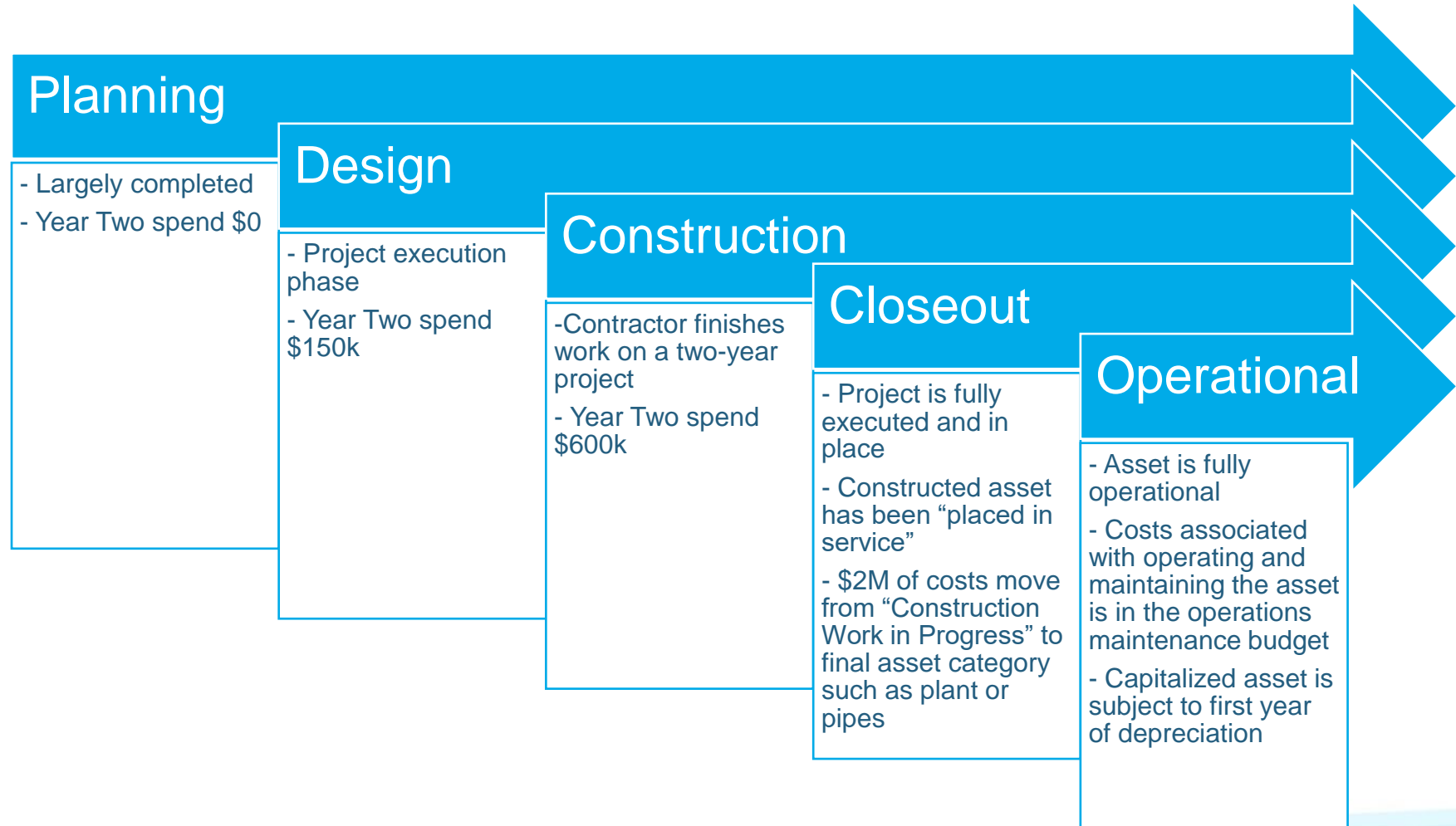
CIP Project Life Cycle – Year Two

Example

- Year two of a \$2M project that will span two years

- Costs capitalized as “Construction Work in Progress” add up to \$750k for Year Two

- Added to Year One costs, the total cost of \$2M is fully capitalized as an asset





Bringing the Two Parts Together –
How Does CIP Impact Charges?

How does the CIP Impact Charges?

- 💧 This is the hard part: There is NOT a direct connection between the CIP and Charges
- 💧 The indirect connection occurs in two key ways
 - 💧 Budget impact: **annual debt service payment** and **transfers to I&E Fund**
 - 💧 Much like the household that pays a **mortgage** and **puts money in savings**
 - 💧 Cost Allocation impact: depending on the asset a particular CIP project may impact Member Partners differently
 - 💧 Cost pools will be covered in Charges 101: Charges Cost of Service Study in conjunction with Rollout Meeting #3

MAKING SENSE OF YOUR DOLLARS

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

FY 2025 Water and Wastewater Combined Budget Infographic

44.3% DEBT SERVICE

44.3¢ ON THE DOLLAR

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

44.0% OPERATIONS AND MAINTENANCE

44.0¢ 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.

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 water and wastewater systems. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

3.9% REVENUE FINANCED CAPITAL

3.9¢ ON THE DOLLAR

To lower the debt burden, GLWA sets aside money each year from revenues to pay for capital improvements in future years. This pay-as-you-go approach eliminates the need to pay interest on debt in future years and improves financial resiliency.

1.0% RECEIVING FUND WORKING CAPITAL

1.0¢ ON THE DOLLAR

The amount required to maintain sufficient liquidity in the Master Bond Ordinance Receiving Fund.

0.8% CLOSED PENSION

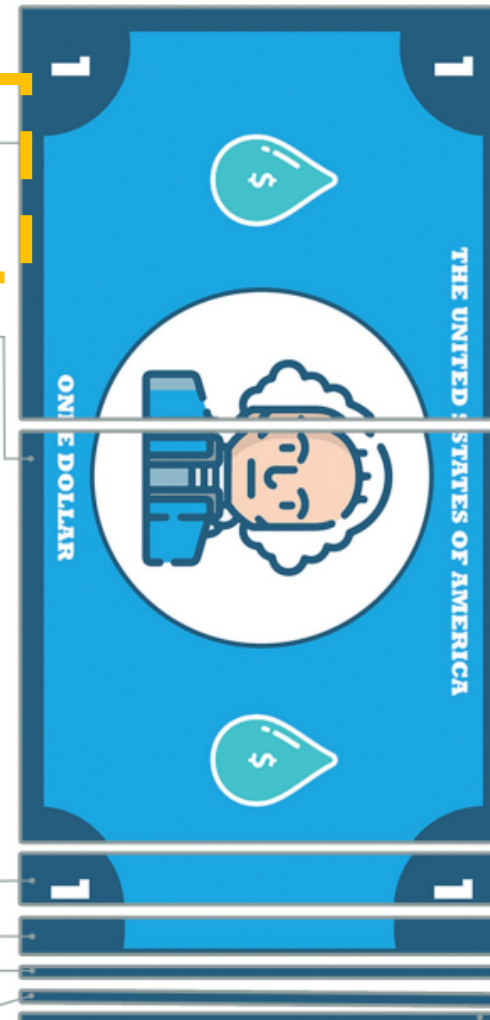
0.8¢ ON THE DOLLAR

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.

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.



“Debt Service” is principal and interest payments due on bonds sold and state loans to pay for the capital improvement projects

“Revenue Financed Capital” is another name for the cash transfers to the I&E Fund to pay for the CIP

This is also known as pay-as-you-go or paygo capital funding

Impact of CIP on Budget

The image features four tall, clear glass tumblers arranged in a row. Water is being poured into each glass from above. The first glass on the left has a thin stream of water falling into it, with some splashing at the bottom. The second glass has a thicker stream of water, creating more bubbles. The third glass is being filled more rapidly, with a large amount of water and many bubbles. The fourth glass on the right is already filled with water to about three-quarters full. A semi-transparent blue horizontal band is overlaid across the middle of the image, containing the title text. The background is a light, solid blue color.

Capital Improvement Plan Chapter 4 – Finance

FINANCE

4.1 INTRODUCTION

The intersection of the CIP and the GLWA's overall long-term financial plan balances the need for investment in capital to improve system resiliency and reliability with limited financial resources. Considerations in this effort include the following.

- Transparency in the development of the financial plan
- Collaboration internally and externally
- Managing an inherited high debt burden
- Maintaining a smoothing effect on service charges

4.2. FUNDING SOURCES AND USES

Accounting for CIP Activity: To ensure proper accountability of funding sources and uses, the Authority utilizes two funds for its capital program activity for each system: the Construction Fund and the Improvement & Extension (I&E) Fund.

Construction Fund: This fund is used to account for constructed assets that will be capitalized and depreciated over time. This fund may also include non-depreciable assets such as land acquired for capital projects. Revenues, or incoming resources for this fund, include bond proceeds and related interest earnings as well as transfers in from the Improvement & Extension Fund for "pay as go" financing. A blended use of bond funds and I&E funds is designed to lower the cost of capital improvements. Capital grant revenues are generally also accounted for in this fund.

Improvement & Extension (I&E) Fund: The I&E Fund is defined by the Authority's Master

Bond Ordinance (MBO) as the "fund used for improvements, enlargements, extensions or betterment" of the System. The Authority are transferred pursuant to a flow of funds. If the needs are met for a monthly and maintenance expansion, Water Resilience Program, (WRAP), and extraordinary repair fund as administered. It be noted that capital funded with I&E Fund items that are generally constructed and with a life of less than 20 years.

The basis of accounting is the accrual basis. Revenues earned and measured are collected; and expenses accrued, on a matching basis. Accrued expenses are a subsequent account of this CIP, the term expenditures are used.

Quarterly, the Financial Services Authority publishes a "Construction Work in Progress Report" that discloses CIP activity by project.

The Authority draws upon five sources of funding for its CIP:

Bond Proceeds: The Authority uses an incremental method of funding long-lived capital projects through a bond financing program. The Authority issues revenue bonds pursuant to Michigan Public Act 94 of 1933 (the Revenue Bond Act). The Act provides a

pledge of "net revenues" for the payment of the bond principal and interest. "Net revenues"

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financing strategy, and they may direct the cost of system expansion or improvements with direct or indirect capital from that partner.

Budgeting for CIP Activity: There are three companion budgets presented to the Board. The first is the annual operating budget, known as the "revenue requirement" for establishing customer charges. The revenue requirement includes operations and maintenance expense, debt service, Master Bond Ordinance (MBO) reserve requirements, system lease requirements, revenue financed capital targets,

water residential assistance program funding, and legacy obligations. The second is the Construction Fund budget which provides inflows (bond proceeds, grants, and investment income) and outflows (CIP spend). The third is the I&E Fund which provides inflows (transfers in from revenue collected) and outflows (CIP spend and capital outlay). The I&E Fund is managed to achieve a minimum cash balance to ensure stable capital program funding between bond transactions and provide for cashflow stability.

4.3. FINANCIAL MANAGEMENT OF THE CIP

This CIP is being prepared at a time after significant increase in costs and supply chain issues that have reset the base cost assumptions for capital projects. GLWA continues to be mindful of the economic impact on operations and capital programs. For this reason, quarterly, GLWA reviews the economic outlook based on objectives established by the initial Economic Outlook Task Force (EOTF) report presented to the GLWA Board of Directors in November 2022.

A key outcome of the EOTF's work was developing and updating a set of planning scenarios for a baseline, optimistic, and pessimistic set of assumptions. We continue to quarterly monitor this economic planning framework that informs both the ten-year financial plan and this CIP.

Close financial management by all team members engaged in CIP is critical in addressing the cost escalations within constrained resources. Elements of those efforts include the following.



CIP is a Plan and Not a Budget: It is important to note that while the GLWA Board of Directors approves the CIP, the authority to spend does not occur until additional project review processes are completed prior to the procurement process. Traditionally, depending on the scope and dollar amount of the project, final approval to proceed may include customer engagement, Chief Executive Officer review, GLWA Board Operations & Review Committee review and/or GLWA Board action.

CIP is Flexible: To date, GLWA has successfully preserved flexibility in its CIP and has enjoyed a low level of regulatory mandated CIP projects. Preserving flexibility and staying ahead of regulatory compliance will require consistent and proactive effort by all involved in the CIP process.

Cashflow Forecasting: Given that GLWA's CIP is funded as a program rather than individual projects. For this reason, accurate forecasting of project cashflows is core to managing debt and use of cash reserves. Monthly, the financial services and engineering teams work through revised short term cash flow forecasts for the largest projects underway. In addition, the financial services and CIP team meet monthly to review the CIP portal's project spend forecasts. This collaboration of proactive and timely communication allows GLWA to time and size future bond issuances thereby reducing interest expense.

Commitment to Ten Year Financial Planning: The Authority publishes updates to its ten-year financial plans at least twice per year. First, as a planning tool when closing out the prior fiscal year and to assist in planning for future years. Second, after the Board adopts the biennial budget and charges. Any revisions to CIP spend projections are incorporated into each

update.

Affordability: Affordability was a primary concern in establishing the CIP. One mechanism of concern was the "4% rule" in the foundational document. The first ten years of operation was that the annual rate of increase (budget) would not increase in any one year. The CIP includes operations and maintenance expense, debt service, legacy pension, funding cash reserves (via the Extension Fund contributions commitments). FY 2020, which means that it is the 4% Promise. The revenue requirement increase ceiling, the CIP would inherently be less than offsetting revenue sources. With a strong commitment, GLWA has stayed well below an average annual spending to water of 2.3% and in the course of the past eight years through FY 2025.

Vendor Community Engagement: The CIP is managed by GLWA through a network of construction contractors, suppliers, and other business stakeholders. Their problem solving is invaluable as we work through economic challenges. GLWA is committed to transparency of the shifts in priorities with our vendor partners and provides one-on-one meetings as well as outreach and engagement with the vendor community via the CIP Workgroup and other public and group

meetings.

Bond Ratings & Debt Service Coverage: Given

non-budgetary reasons. Those limitations, whether financial or nonfinancial, necessitate the SRA for budgetary purposes, despite the CIP. The difference between a commitment with financial levels and control changes.

date assumption to the proposed be established and data pertinent factors of projects and interdependency measures provided that develop. That spend allocated to the CIP in December. The GLWA Board, Capital Committee, and the opportunity to implement plan.

and on CIP was presented in the CIP – Plan vs. Actual. Recent years, the actual spending is within the CIP. The years with

discrepancy occurred for several reasons including project interdependencies, team member resource constraints, and evaluating project design alternatives. Applying the CSR bridges the gap in the dollar amounts from the CIP to the financial plan to prevent over-borrowing.

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was first implemented three years ago with the FY 2020 – 2024 CIP.

The Spend Rate Assumption (SRA) policy provides an analytical approach to bridge the total dollar amount of projects in the Capital Improvement Plan (CIP) with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for



FUNCTIONAL SUMMARY

The table below summarizes CIP costs by major function for both the Water System and the Wastewater System. This summary illustrates how the costs of financing the CIP will ultimately impact individual customer charges for the Authority's Member Partners, consistent with established cost allocation methodologies. The treatment of the debt service and revenue financed capital revenue requirements in the cost allocation methodologies represents the Authority's *actual* investment in fixed assets. The cost of capital improvements, therefore, impacts *future* fixed asset records and *future* charges. In other words, the CIP *actual spend* will impact charges in the long run, *planned spend* does not.

Occasionally there are exceptions to the general guidance on cost allocation by agreement or consensus among member partners and GLWA. The source document for greater specificity is the annual cost of service

PLAN VS ACTUAL CIP SPEND

Financial figures are in thousands of dollars (\$1,000s)

FY	Water			Wastewater		
	Approved Plan	Actual (a)	Percent	Approved Plan	Actual (a)	Percent
2017	\$130,232	\$39,663	30%	\$128,973	\$57,328	44%
2018	\$137,655	\$36,599	27%	\$160,746	\$71,000	44%
2019	\$66,038	\$61,532	93%	\$105,183	\$82,134	78%
2020	\$143,247	\$76,312	53%	\$161,480	\$73,827	46%
2021	\$147,564	\$129,836	88%	\$110,638	\$81,509	74%
2022	\$179,210	\$158,706	89%	\$106,050	\$67,449	64%
2023	\$194,376	\$196,264	101%	\$125,932	\$104,655	83%
2024	\$239,260	\$177,574	74%	\$199,061	\$136,393	69%

(a) FY 2017-2022: Construction Work-In-Progress (CWIP) additions as reflected in the audited financial statements. FY 2023-2024: As reflected in Quarterly CWIP report presented to the Audit Committee.

study. The majority of asset additions are assigned to the following

WATER FUNCTION

1. Treatment represents improvements to Treatment Plants. The allocation methodology for these facilities are based primarily on peak hour demands.

The other water functions related to transmission of the current water costs related to the customers based on peak hour demands for functions that are used in the methodology – including elevation associated with location.

2. Transmission projects investment in the la

deliver water throughout the region. Several

conveyance facilities, including Retention and Disinfection

and the Wastewater System. This summary illustrates how the costs of financing the CIP will ultimately impact individual customer charges for the Authority's Member Partners, consistent with established cost allocation methodologies. The treatment of the debt service and revenue financed capital revenue requirements in the cost allocation methodologies represents the Authority's *actual* investment in fixed assets. The cost of capital improvements, therefore, impacts *future* fixed asset records and *future* charges. In other words, the CIP *actual spend* will impact charges in the long run, *planned spend* does not.

those designed to facilities at the WRRF. The allocation methodology shown in the costs associated are allocable to contribution of total costs associated with cable to customers of sanitary and associated with certain based upon terms of the Authority's assign 83% of specifically designated customers and 17% of the Master Plan with the Authority's wastewater

	Percent of 5-Year Total
20	
43	46%
35	15%
90	4%
37	34%
81	47%
89	54%
85	42%

CSO	\$14,093	\$27,403	\$40,657	\$42,180	\$36,240	\$160,573	13%
Treatment	\$68,680	\$110,181	\$140,174	\$134,268	\$107,329	\$560,631	45%
Grand Total	\$381,445	\$522,602	\$580,823	\$468,564	\$351,498	\$2,304,932	100%



customers and the associated Wastewater Charge Methodology. The assignment to Wastewater Function in Table- Function below should not be interpreted as a definitive assignment for cost allocation purposes.

CIP FUNDING BASED ON ESTIMATED USEFUL LIFE

The long-term financial plan differentiates between appropriate uses of long-term debt versus revenue financed capital in the Improvement & Extension (I&E) Fund as defined in the MBO. As a general rule, assets with a life of less than 20 years are funded with I&E Funds. An example of an exception to the rule is some plant improvements. Otherwise, assets with a life greater than 20 years are funded with a blend of debt and I&E Funds. Building I&E Funds over time allows GLWA to position itself to further reduce reliance on debt. Exceptions to that plan may be to take advantage of lower cost borrowings from the

revolving fund loan programs or a revision of the plan to optimize refunding savings.

As shown in Table- Useful Life, most of the CIP projects are longer- lived assets, defined as greater than a 20-year estimated useful life. Shorter-lived assets scheduled for acquisition or replacement are identified in the five-year capital outlay plan and the 2026-2030 Biennial Budget.

PROJECT STATUS

As outlined in Section 4.3, a status is assigned within the CIP. Table- Project Status provides a high-level overview of the progress of the projects. These are subcategories of general, active, procurement phase, have an executed contract; and fully

largely planned for execution in year five or later. For understanding the level of flexibility in the CIP, Table- Project Status, notes that nearly 71% of the water system CIP costs are in projection execution phase and 79% in project execution for the sewer system CIP costs.

The long-term financial plan differentiates between appropriate uses of long-term debt versus revenue financed capital in the Improvement & Extension (I&E) Fund as defined in the MBO. As a general rule, assets with a life of less than 20 years are funded with I&E Funds. An example of an exception to the rule is some plant improvements. Otherwise, assets with a life greater than 20 years are funded with a blend of debt and I&E Funds. Building I&E Funds over time allows GLWA to position itself to further reduce reliance on debt. Exceptions to that plan may be to take advantage of lower cost borrowings from the

USEFUL LIFE

Financial figures are in thousands of dollars (\$1,000s)

Asset Life Range	FY 26	FY 27	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
Water	\$181,116	\$236,223	\$267,226	\$212,522	\$161,956	\$1,059,043	46%
Useful Life < 20 Years	\$11,630	\$22,426	\$31,209	\$39,742	\$19,514	\$124,521	12%
Useful Life > 20 Years	\$169,486	\$213,798	\$236,017	\$172,780	\$142,442	\$934,522	88%
Wastewater	\$200,329	\$286,379	\$313,596	\$256,043	\$189,542	\$1,245,889	54%
Useful Life < 20 Years	\$7,113	\$17,027	\$27,472	\$22,627	\$14,452	\$88,695	7%
Useful Life > 20 Years	\$193,216	\$269,352	\$286,124	\$233,416	\$175,090	\$1,157,250	93%
Grand Total	\$381,445	\$522,602	\$580,823	\$468,564	\$351,498	\$2,304,932	100%

SPEND CATEGORY ANALYSIS

The amount of internal costs in the CIP compared to external costs and related level of effort by the vendor community. Given the large percentage of CIP spend, as shown in Table- Spend Category, GLWA is important to the regional economy and has a vested interest in the success of our vendor community partners.

	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total
Water	\$226,742	\$212,522	\$161,956	\$1,059,043	46%
Wastewater	\$742,538	\$28,786	\$9,497	\$111,088	10%
Construction	\$538,946	\$138,744	\$90,707	\$753,311	71%
Design	\$946,596	\$44,992	\$61,752	\$194,644	18%
GLWA Salary	\$233,823	\$256,043	\$189,542	\$1,245,889	54%
Professional Services	\$233,823	\$61,851	\$52,785	\$213,793	17%
Wastewater	\$141,223	\$183,119	\$118,555	\$990,033	79%
Construction	\$223,823	\$11,272	\$18,202	\$42,083	3%
Design	\$823,823	\$468,564	\$351,498	\$2,304,932	100%

	FY 28	FY 29	FY 30	FY 26-30 CIP Total	% of 5-Year total		
Water	\$7,226	\$212,522	\$161,956	\$1,059,043	46%		
Wastewater	\$8,881	\$185,524	\$144,043	\$941,148	89%		
Construction	\$6,124	\$25,119	\$16,452	\$108,225	10%		
Design	\$2,221	\$1,880	\$1,460	\$9,545	1%		
GLWA Salary	\$91	\$34	\$0	\$125	0%		
Professional Services	\$200,329	\$286,379	\$313,596	\$256,043	\$189,542	\$1,245,889	54%
Wastewater	\$176,518	\$259,347	\$290,630	\$237,156	\$175,844	\$1,139,495	91%
Construction	\$19,930	\$24,288	\$20,607	\$16,515	\$11,470	\$92,811	7%
Design	\$3,453	\$2,524	\$2,214	\$2,227	\$2,084	\$12,503	1%
GLWA Salary	\$426	\$220	\$145	\$144	\$144	\$1,080	0%
Professional Services	\$381,445	\$522,602	\$580,823	\$468,564	\$351,498	\$2,304,932	100%
Grand Total							



Charges 101 Series Take Aways

- 💧 Establishing a high-level shared understanding of how we establish charges
- 💧 Provide user-friendly tool to help Member Partners communicate the charge-setting process effectively
- 💧 Show that GLWA's financial structure fundamentally resembles your own household finances
- 💧 Establish that CIP projects do not immediately impact charges, but have an impact over time as projects are completed

FY 2026 Charges Rollout Timeline

**Thursday,
October 17, 2024**

Charges Rollout #1-
Capital
Improvement Plan

**Friday,
December 20, 2024**

Proposed Revenue
Requirement and
Proposed Charges
Presented to Audit
Committee

**January,
13-15, 2025**

Member Partner 1:1
Meetings

**Wednesday,
February 26, 2025**

Proposed Biennial
FY 2026 & FY 2027
Budget/Charges
Public Hearing



Charges Rollout #2:
Units of Service

Charges Rollout #3:
Proposed FY 2026
Revenue and
Charges

Charges Rollout #4:
Feedback on Proposed
Charges and Continued
Revenue Requirement
Review

Biennial FY 2026 & FY
2027 Budget/Charges

**Tuesday,
November 12, 2024**

**Thursday,
January 9, 2025**

**Thursday,
January 16, 2025**

**Monday,
July 1, 2025**



Questions & Feedback

Questions

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