



Public Hearing FY 2025 & FY 2026 Biennial Budget & FY 2025 Charges

February 28, 2024

Budget & Charges Process

Overall Budget & Charges Timing – To Date

- Tuesday, September 12, 2023 – Capital Planning Committee – Preliminary Capital Improvement Plan Spend Update and Presentation – Actual, Forecasted, and Proposed
- Wednesday, September 13, 2023 – Board of Directors Meeting - Economic Outlook & Budget and Charges Briefing
- Thursday, October 19, 2023 - Charges Rollout #1 – CIP Version 1.0
- Tuesday, November 14, 2023 - Charges Rollout #2 - Units of Service
- Friday, December 15, 2023 – Audit Committee - Proposed Budget and Related Charges Strategy
- Thursday, January 11, 2024 – Charges Rollout #3 – Proposed Charges and Introduction of Proposed Budget
- Thursday, January 18, 2024 – Charges Rollout #4 – Feedback on Charges, Office Hours Q&A, and Further Review of Proposed Budget
- Wednesday, January 24, 2024 - GLWA Board Briefing – Budget & Charges
- Friday, February 9, 2024 – GLWA Audit Committee – Final Budget & Charges Review
- Wednesday, February 28, 2024 (Tentative) – Board Meeting
 - Public Hearing FY 2025 & FY 2026 Biennial Budget
 - Public Hearing FY 2025 Schedule of Revenues and Charges

Over 25 hours of direct open engagement spanning five months bring us to today's public hearings

Budget & Charges Key Takeaways

Biennial Budget - Three Key Takeaways

- 1. Four Percent Promise:** The budget for FY 2025 is within the commitment established in GLWA's founding documents to limit annual increases in the overall budget to four percent or less through FY 2025
 - ✓ Subsequent years in financial plan reflect projected larger System wide increases of 6.4% adjusting for inflationary increases absorbed and increased capital spending
- 2. Long-Term Financial Sustainability:** Actions recommended today are evaluated with a sustainable future in mind
- 3. Budget Balances Operating and Capital Needs:** Total budget of \$906 million
 - ✓ Operations & Maintenance (44%)
 - ✓ Debt payments and capital program funding (48%)
 - ✓ Other (8%) (includes lease payment, legacy pension, reserves, and Water Residential Assistance Program)

Charges - Three Key Takeaways

- 1. Charges:** The System-Wide Charges Revenue Increase is 3.25 Percent for Water and 3.0 Percent for Sewer – Well Below the Rate of Inflation for utilities
 - ✓ Difference between 4% budget increase and proposed charges increase above is due to investment earnings
- 2. Sewer SHARES:** The FY 2025 Sewer Charges are being updated for the first time in three years and the resulting changes in individual Member Partner Charge adjustments (generally) reflect moderate variances from the System-Wide adjustment of 3.0%.
- 3. Simplified Water Charge Methodology:** The FY 2025 Water Charges embrace the recently endorsed “10/50/40 with Delivery Factor” methodology. Charge adjustments for all but 3 Member Partners are uniform and approximate the System-Wide increase of 3.25%.

Budget Overview

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

Core GLWA Budget Schedules

Water Revenue Requirement

Schedule 1A - Water System Revenue Requirement Biennial Budget

Water System Revenue Requirement	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Estimated Budget	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance	FY 2026 Department Requested	FY 2026 Dollar Variance	FY 2026 Percent Variance
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$334,141,200	\$340,540,600	\$336,540,600	\$347,758,000	\$ 7,217,400	2.1%	\$372,639,700	\$ 24,881,700	7.2%
Local System Charges	22,834,300	25,537,200	25,537,200	27,094,800	1,557,600	6.1%	30,730,900	3,636,100	13.4%
Total Revenue from Charges	356,975,500	366,077,800	362,077,800	374,852,800	8,775,000	2.4%	403,370,600	28,517,800	7.6%
Other Revenue	1,378,700	175,000	440,000	400,000	225,000	128.6%	400,000	-	0.0%
Investment Earnings									
Investment Earnings - Unrestricted	5,501,600	3,067,000	8,530,200	6,692,200	3,625,200	118.2%	7,606,400	914,200	13.7%
Investment Earnings - Restricted for Debt Service	3,660,000	994,700	3,531,500	3,182,100	2,187,400	219.9%	2,634,600	(547,500)	-17.2%
Total Investment Earnings	9,161,600	4,061,700	12,061,700	9,874,300	5,812,600	143.1%	10,241,000	366,700	3.7%
Total Revenues	\$367,515,800	\$370,314,500	\$374,579,500	\$385,127,100	\$ 14,812,600	4.0%	\$414,011,600	\$ 28,884,500	7.5%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$154,327,800	\$152,906,400	\$163,100,500	\$169,625,000	\$ 16,718,600	10.9%	\$176,410,000	\$ 6,785,000	4.0%
Debt Service	150,055,300	159,482,800	162,634,000	175,300,800	15,818,000	9.9%	186,537,300	11,236,500	6.4%
General Retirement System Accelerated Pension	6,268,300	3,395,500	1,505,500	2,283,300	(1,112,200)	-32.8%	2,252,200	(31,100)	-1.4%
Water Residential Assistance Program Contribution	1,770,500	1,851,600	1,851,600	1,947,800	96,200	5.2%	2,070,100	122,300	6.3%
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	-	-	-	6,200,000	6,200,000	0.0%	5,700,000	(500,000)	-8.1%
Improvement & Extension Fund Transfer Pending	23,766,000	30,178,200	22,987,900	7,270,200	(22,908,000)	-75.9%	18,542,000	11,271,800	155.0%
Annual Water System Revenue Requirements	\$366,935,900	\$370,314,500	\$374,579,500	\$385,127,100	\$ 14,812,600	4.0%	\$414,011,600	\$ 28,884,500	7.5%



Core GLWA Budget Schedules

Sewer Revenue Requirement

Schedule 1C - Sewer System Revenue Requirement Biennial Budget

Sewer System Revenue Requirement	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Estimated Budget	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance	FY 2026 Department Requested	FY 2026 Dollar Variance	FY 2026 Percent Variance
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$275,917,500	\$282,687,600	\$282,687,600	\$287,517,600	\$ 4,830,000	1.7%	\$303,022,300	\$ 15,504,700	5.4%
Local System Charges	191,042,200	196,569,600	196,569,600	205,924,800	9,355,200	4.8%	217,550,100	11,625,300	5.6%
Industrial Waste Control Charges	8,393,100	8,584,200	8,584,200	8,719,300	135,100	1.6%	9,198,700	479,400	5.5%
Pollutant Surcharges	4,894,600	5,328,300	5,328,300	5,434,400	106,100	2.0%	5,733,200	298,800	5.5%
Total Revenue from Charges	480,247,400	493,169,700	493,169,700	507,596,100	14,426,400	2.9%	535,504,300	27,908,200	5.5%
Other Revenue	4,901,300	400,000	717,000	700,000	300,000	75.0%	700,000	-	0.0%
Investment Earnings									
Investment Earnings - Unrestricted	8,395,900	5,567,000	13,399,700	10,494,500	4,927,500	88.5%	11,616,400	1,121,900	10.7%
Investment Earnings - Restricted for Debt Service	4,102,400	1,490,300	2,657,600	1,861,500	371,200	24.9%	1,467,300	(394,200)	-21.2%
Total Investment Earnings	12,498,300	7,057,300	16,057,300	12,356,000	5,298,700	75.1%	13,083,700	727,700	5.9%
Total Revenues	\$497,647,000	\$500,627,000	\$509,944,000	\$520,652,100	\$ 20,025,100	4.0%	\$549,288,000	\$ 28,635,900	5.5%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$207,330,200	\$205,643,700	\$220,128,400	\$228,934,000	\$ 23,290,300	11.3%	\$238,091,400	\$ 9,157,400	4.0%
Debt Service	212,669,100	228,328,300	231,781,500	226,279,400	(2,048,900)	-0.9%	226,618,700	339,300	0.1%
General Retirement System Accelerated Pension	11,620,700	6,479,300	3,096,800	4,846,300	(1,633,000)	-25.2%	4,776,300	(70,000)	-1.4%
Water Residential Assistance Program Contribution	2,394,200	2,503,100	2,503,100	2,651,700	148,600	5.9%	2,746,400	94,700	3.6%
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	-	-	-	2,300,000	2,300,000	0.0%	3,700,000	1,400,000	60.9%
Improvement & Extension Fund Transfer Pending	26,236,800	30,172,600	24,934,200	28,140,700	(2,031,900)	-6.7%	45,855,200	17,714,500	62.9%
Annual Sewer System Revenue Requirements	\$498,575,000	\$500,627,000	\$509,944,000	\$520,652,100	\$ 20,025,100	4.0%	\$549,288,000	\$ 28,635,900	5.5%



Core GLWA Budget Schedules

Combined Water and Sewer Revenue Requirement

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

Combined Water & Sewer System Revenue Requirement	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Estimated Budget	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance	FY 2026 Department Requested	FY 2026 Dollar Variance	FY 2026 Percent Variance
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$610,058,700	\$623,228,200	\$619,228,200	\$635,275,600	\$ 12,047,400	1.9%	\$675,662,000	\$ 40,386,400	6.4%
Local System Charges	213,876,500	222,106,800	222,106,800	233,019,600	10,912,800	4.9%	248,281,000	15,261,400	6.5%
Industrial Waste Control Charges	8,393,100	8,584,200	8,584,200	8,719,300	135,100	1.6%	9,198,700	479,400	5.5%
Pollutant Surcharges	4,894,600	5,328,300	5,328,300	5,434,400	106,100	2.0%	5,733,200	298,800	5.5%
Total Revenue from Charges	837,222,900	859,247,500	855,247,500	882,448,900	23,201,400	2.7%	938,874,900	56,426,000	6.4%
Other Revenue	6,280,000	575,000	1,157,000	1,100,000	525,000	91.3%	1,100,000	-	0.0%
Investment Earnings									
Investment Earnings - Unrestricted	13,897,500	8,634,000	21,929,900	17,186,700	8,552,700	99.1%	19,222,800	2,036,100	11.8%
Investment Earnings - Restricted for Debt Service	7,762,400	2,485,000	6,189,100	5,043,600	2,558,600	103.0%	4,101,900	(941,700)	-18.7%
Total Investment Earnings	21,659,900	11,119,000	28,119,000	22,230,300	11,111,300	99.9%	23,324,700	1,094,400	4.9%
Total Revenues	\$865,162,800	\$870,941,500	\$884,523,500	\$905,779,200	\$ 34,837,700	4.0%	\$963,299,600	\$ 57,520,400	6.4%
Revenue Requirements									
Operations & Maintenance (O&M) Expense	\$361,658,000	\$358,550,100	\$383,228,900	\$398,559,000	\$ 40,008,900	11.2%	\$414,501,400	\$ 15,942,400	4.0%
Debt Service	362,724,400	387,811,100	394,415,500	401,580,200	13,769,100	3.6%	413,156,000	11,575,800	2.9%
General Retirement System Accelerated Pension	17,889,000	9,874,800	4,602,300	7,129,600	(2,745,200)	-27.8%	7,028,500	(101,100)	-1.4%
Water Residential Assistance Program Contribution	4,164,700	4,354,700	4,354,700	4,599,500	244,800	5.6%	4,816,500	217,000	4.7%
Regional System Lease	50,000,000	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Receiving Fund Working Capital Requirement	-	-	-	8,500,000	8,500,000	0.0%	9,400,000	900,000	10.6%
Improvement & Extension Fund Transfer Pending	50,002,800	60,350,800	47,922,100	35,410,900	(24,939,900)	-41.3%	64,397,200	28,986,300	81.9%
Annual Revenue Requirements	\$865,510,900	\$870,941,500	\$884,523,500	\$905,779,200	\$ 34,837,700	4.0%	\$963,299,600	\$ 57,520,400	6.4%

Core GLWA Budget Schedules

Operating Expense Summary

Schedule 2G - Operations & Maintenance Biennial Budget by Service Area

Operating Area	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Amended Budget	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance	FY 2026 Department Requested	FY 2026 Dollar Variance	FY 2026 Percent Variance
A Water System Operations	\$ 86,771,900	\$ 82,732,800	\$ 87,738,200	\$ 94,669,900	\$ 11,937,100	14.4%	\$ 97,884,000	\$ 3,214,100	3.4%
B Wastewater System Operations	139,525,100	132,934,300	141,655,800	147,245,100	14,310,800	10.8%	154,308,800	7,063,700	4.8%
C Centralized Services	100,031,200	106,900,500	116,537,400	116,980,200	10,079,700	9.4%	120,417,000	3,436,800	2.9%
D Administrative & Other Services	35,329,800	35,982,500	37,297,500	39,663,800	3,681,300	10.2%	41,891,600	2,227,800	5.6%
Grand Total	\$361,658,000	\$358,550,100	\$383,228,900	\$398,559,000	\$ 40,008,900	11.2%	\$414,501,400	\$ 15,942,400	4.0%

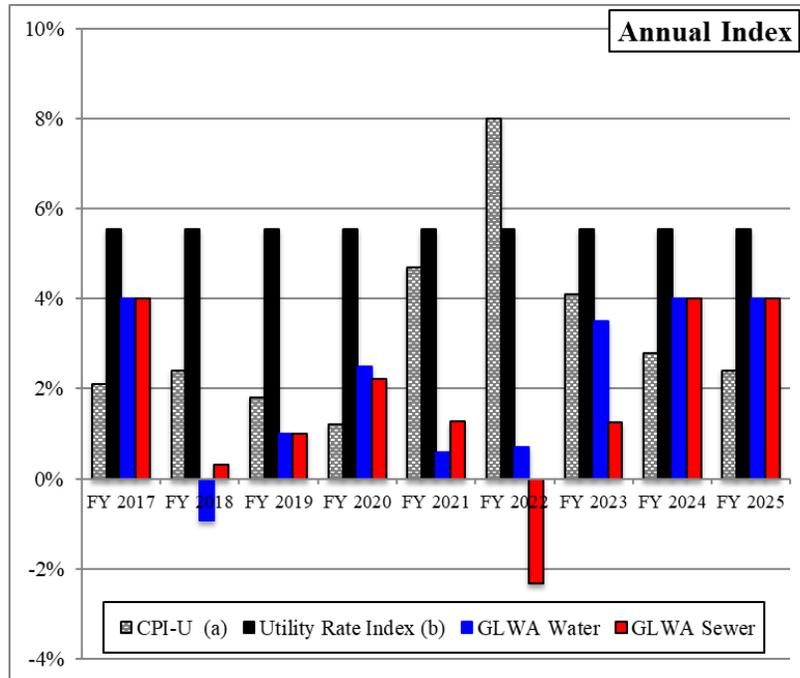
Schedule 2I - Operations & Maintenance Expense by Fund with Centralized & Administrative Services Allocated - Biennial Budget

System	FY 2023 Actual	FY 2024 Adopted Budget	FY 2024 Amended Budget	FY 2025 Department Requested	FY 2025 Dollar Variance	FY 2025 Percent Variance	FY 2026 Department Requested	FY 2026 Dollar Variance	FY 2026 Percent Variance
Water System	\$154,327,800	\$152,906,400	\$163,100,500	\$169,625,000	\$ 16,718,600	10.9%	\$176,410,000	\$ 6,785,000	4.0%
Sewer (Wastewater) System	207,330,200	205,643,700	220,128,400	228,934,000	23,290,300	11.3%	238,091,400	9,157,400	4.0%
Grand Total	\$361,658,000	\$358,550,100	\$383,228,900	\$398,559,000	\$ 40,008,900	11.2%	\$414,501,400	\$ 15,942,400	4.0%

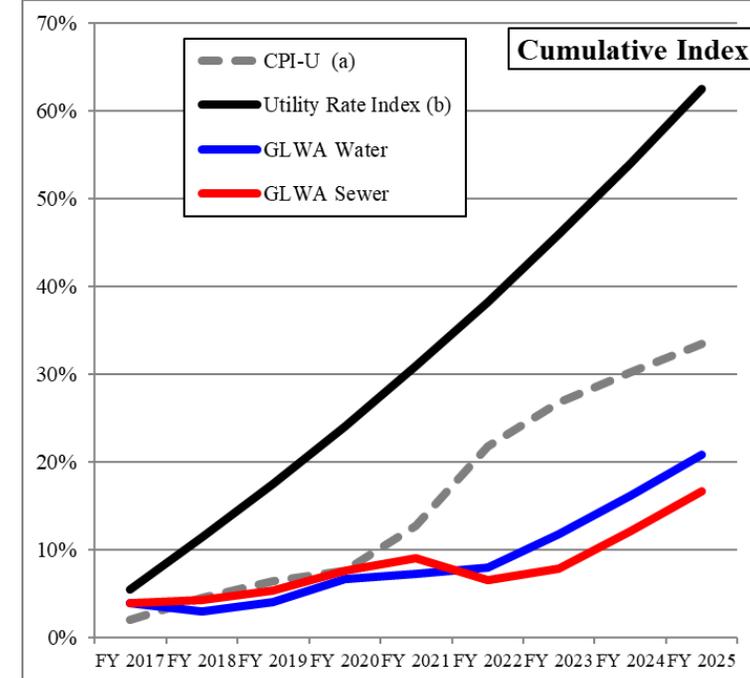
GLWA BUDGET Adjustments Compared to Utility Indices

Annual
CPI-U (a)
Utility Rate Index (b)
GLWA Water
GLWA Sewer
GLWA Overall

Annual Index									Average
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Annual
2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.8%	2.4%	3.3%
5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
4.0%	-0.9%	1.0%	2.5%	0.6%	0.7%	3.5%	4.0%	4.0%	2.1%
4.0%	0.3%	1.0%	2.2%	1.3%	-2.3%	1.3%	4.0%	4.0%	1.7%
4.0%	-0.2%	1.0%	2.3%	1.0%	-1.1%	2.2%	4.0%	4.0%	1.9%



Cumulative Index								
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
2.1%	4.6%	6.4%	7.7%	12.8%	21.8%	26.8%	30.3%	33.5%
5.6%	11.4%	17.6%	24.1%	31.0%	38.3%	46.0%	54.1%	62.6%
4.0%	3.0%	4.1%	6.7%	7.3%	8.0%	11.8%	16.3%	20.9%
4.0%	4.3%	5.4%	7.7%	9.1%	6.5%	7.9%	12.2%	16.7%
4.0%	3.8%	4.8%	7.3%	8.3%	7.2%	9.5%	13.9%	18.4%



(a) Source: Bureau of Labor Statistics, CPI-U (All Urban Consumers). All items in U.S. city average, not seasonally adjusted (calendar year), FY 2024 and FY 2025 estimated by Economic Outlook Task Force.
 (b) Source: Black & Veatch 50 Largest Cities Rate Survey - 2021 - average Water and Sewer Combined 2001-2020

Charges Overview

Charge Adjustments Well Below Inflation

- Since FY 2018, GLWA's average combined Water and Sewer Charge adjustments have been less than ½ of inflationary increases, as measured by the CPI-U
 - *1.7% Average Charge increase vs 3.4% inflation**
- Future Charge Adjustments are *forecasted* to increase to “correct the over-delivery of the 4% Promise” to achieve improved sustainability for GLWA's Water and Sewer Systems
 - *These projected increases are forecasts – and not part of any formal charge proposals for FY 2025*

**Inflation estimated for 2024 & 2025 based on Public Sector Consultants Economic Task Force February 2024 Report for comparison purposes*

GLWA Average System Charge Adjustments

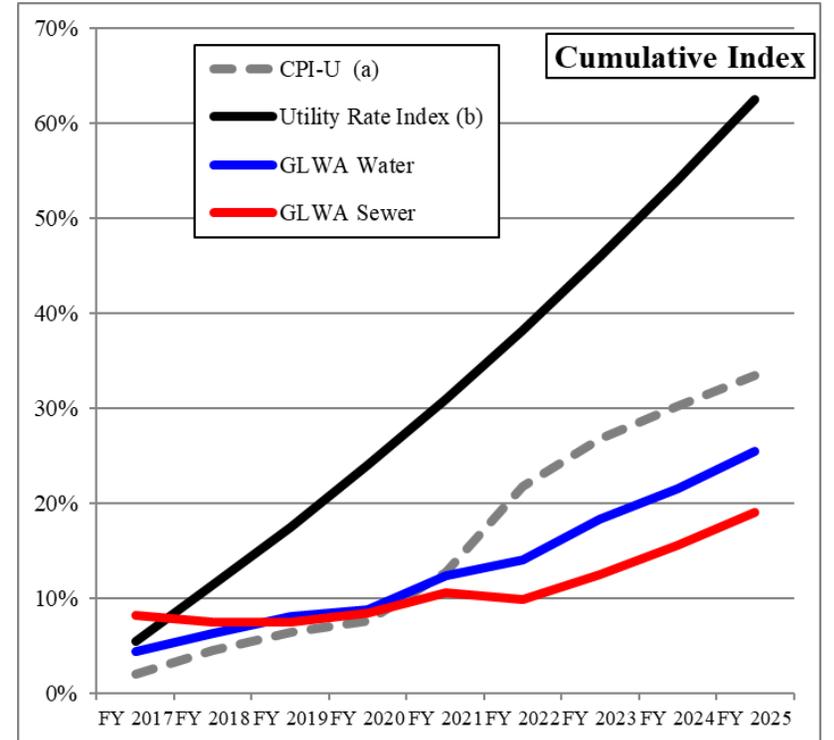
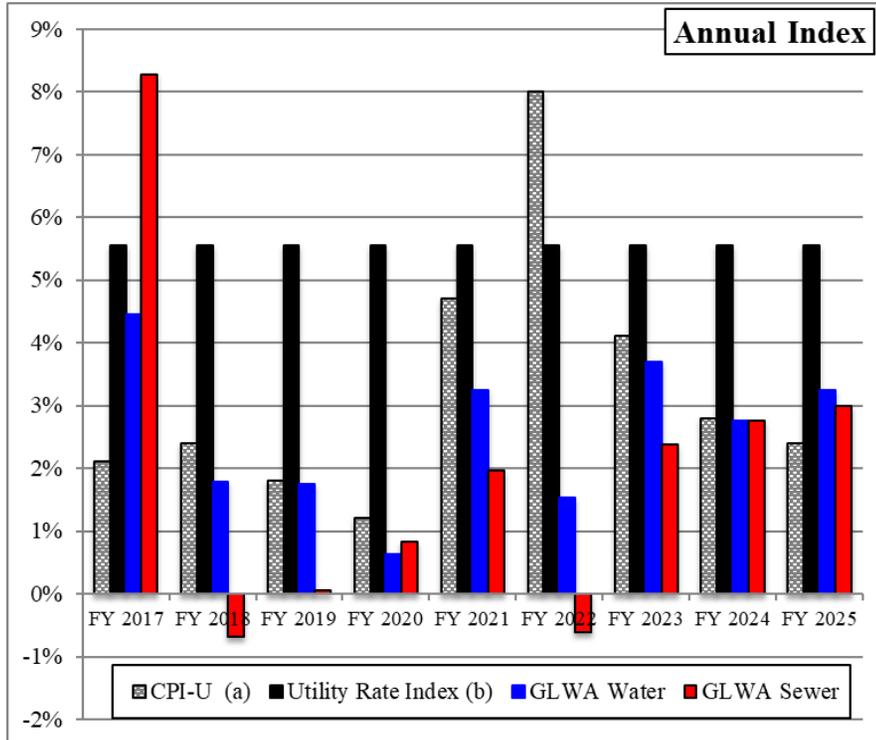
Average System Charge Adjustments

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%
2025	3.25%	3.0%
8-Year Average	2.3%	1.2%

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	FY 2025	Annual
CPI-U (a)	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%	4.1%	2.8%	2.4%	3.3%
Utility Rate Index (b)	5.6%	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%	3.25%	2.6%
GLWA Sewer	8.3%	-0.7%	0.1%	0.8%	2.0%	-0.6%	2.4%	2.75%	3.00%	2.0%
GLWA Overall	6.7%	0.3%	0.7%	0.7%	2.5%	0.3%	2.9%	2.8%	3.1%	2.2%

Cumulative Index	Cumulative Index								
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
CPI-U (a)	2.1%	4.6%	6.4%	7.7%	12.8%	21.8%	26.8%	30.3%	33.5%
Utility Rate Index (b)	5.6%	11.4%	17.6%	24.1%	31.0%	38.3%	46.0%	54.1%	62.6%
GLWA Water	4.5%	6.3%	8.2%	8.9%	12.4%	14.1%	18.3%	21.6%	25.5%
GLWA Sewer	8.3%	7.5%	7.6%	8.5%	10.6%	9.9%	12.6%	15.6%	19.1%
GLWA Overall	6.7%	7.0%	7.8%	8.6%	11.3%	11.6%	14.9%	18.0%	21.7%



(a) Source: Bureau of Labor Statistics, CPI-U (All Urban Consumers). All items in U.S. city average, not seasonally adjusted (calendar year), FY 2024 and FY 2025 estimated by Economic Outlook Task Force.

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

Commitment to Transparency

FY 2025 Making Sense of Your Dollar

MAKING SENSE OF YOUR DOLLARS

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

FY 2025 Water System Budget Infographic

45.5% DEBT SERVICE
45.5¢ 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.

44.0% OPERATIONS AND MAINTENANCE
44.0¢ 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.

5.9% REGIONAL SYSTEM LEASE
5.9¢ 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 related to capital improvements.

1.9% REVENUE FINANCED CAPITAL
1.9¢ 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.

1.6% RECEIVING FUND WORKING CAPITAL
1.6¢ ON THE DOLLAR

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

0.6% CLOSED PENSION
0.6¢ 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.

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.

Note: Percentages based on FY 2025 proposed budget.



MAKING SENSE OF YOUR DOLLARS

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

FY 2025 Wastewater System Budget Infographic

44.0% OPERATIONS AND MAINTENANCE
44.0¢ 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.

43.5% DEBT SERVICE
43.5¢ ON THE DOLLAR

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

5.4% REVENUE FINANCED CAPITAL
5.4¢ 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.

5.3% REGIONAL SYSTEM LEASE
5.3¢ 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 related to capital improvements.

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.

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.

0.4% RECEIVING FUND WORKING CAPITAL
0.4¢ ON THE DOLLAR

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

Note: Percentages based on FY 2025 proposed budget.



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 water 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.

Note: Percentages based on FY 2025 proposed budget.



FY 2025 One-Pager Series

GLWA
Great Lakes Water Authority

One Pager Series
FY 2025 Operations & Maintenance Budget Analysis
As Proposed February 9, 2024

Wastewater Operations - increase of \$14.3 million Driven by contractual operating services (\$3.3 million) for a facilities maintenance contract and for residual solids disposal; chemicals (\$3.1 million based on price adjustments for chlorine-based products); utility costs (\$2.4 million); supplies & other (\$2.0 million) for reliability.

One Pager Series
FY 2025 Water & Sewer Service Charges
As Proposed February 9, 2024

Proposed FY 2025 Water System Charges
The average system charge adjustment for water is a 3.25 percent increase. This is the result of a proposed Water budget increase of 4.0 percent offset by 0.75 percent reflecting net effect of a) increased investment earnings and b) reductions in estimated sales volume. As a result of the 2022 Contract Alignment Process (CAP), the FY 2025 Units of Measure (MOD). Proposed charges for the Member Partners have been calculated based on the new simplified Water Charge Methodology. There are no significant variances from the system-wide charge (after consideration of

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FY 2025 Service Charges Highlights
Preliminary proposed Water and Service Charges for FY 2025 have been presented to the GLWA Audit Committee. This is the first step in a review process that will include a Public Hearing before the GLWA Board of Directors on February 28, 2024.

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



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One Pager Series
FY 2025 Revenue Requirement
As Proposed February 9, 2024

The total budget for a water utility, like the Great Lakes Water Authority (GLWA), is referred to as the "revenue requirement." It tells us how much revenue / cash is required to operate and maintain the systems for a given year. The total revenue requirement increased by \$35 million or 4 percent for FY 2025. Three major categories make up the total revenue requirement of \$906 million.

Category	Percentage
Total Revenue Required	100%
Day-to-Day Operations	44%
Capital Program (Debt & Pay-As-You-Go)	48%
Other Legally Required Payments	8%

Day-to-Day Operations includes the personnel, specialty contractual services, utilities, chemicals, and supplies to operate five water treatment plants, the largest single-site water resource recovery facility in North America and all of

FY 2025 OPERATIONS BUDGET

Budget Book & Public Hearing Booklet

GLWA

Great Lakes Water Authority



490 Pages

Draft #2

Proposed FY 2025 – FY 2026

Biennial Budget &

Five Year Financial Plan

FY 2025 through FY 2029

Presented to the

Audit Committee

February 9, 2024

Note that this a DRAFT document for discussion purposes only and is subject to further review, editing, and updates. The GLWA Board of Directors is scheduled to conduct a Public Hearing on February 28, 2024 for consideration of the Proposed FY 2025 – FY 2026 Biennial Budget and FY 2025 Schedule of Charges. The final version will be published after the budget and charges are approved by the Board of Directors on or after February 28, 2024. Any discrepancies or questions should be directed to cfo@glwater.org



GLWA

Great Lakes Water Authority

25 Pages

Summary of
FY 2025 & FY 2026
Biennial Budget
and
FY 2025 Schedule of Charges

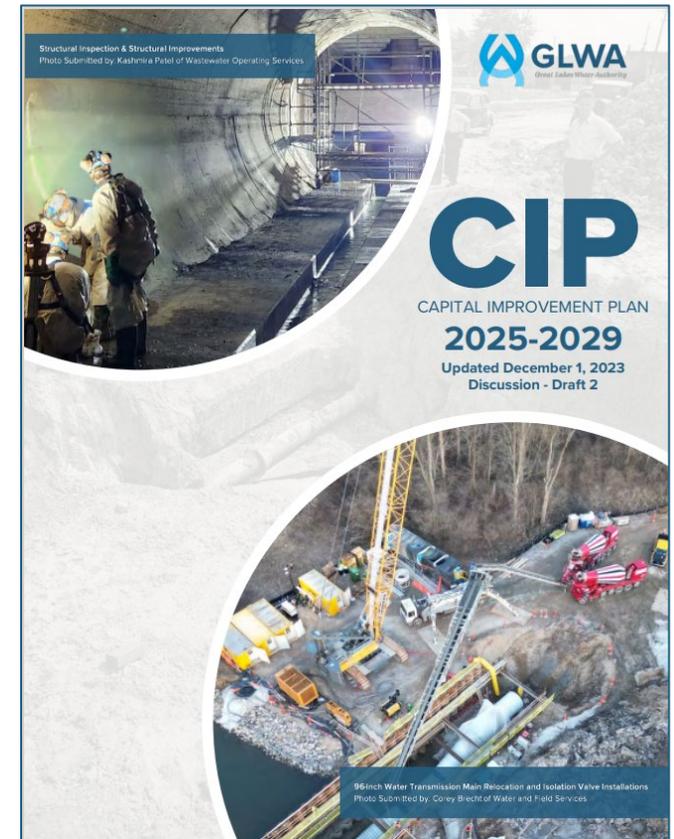
February 9, 2024

www.glwater.org

Alignment of Financial Plan and Capital Improvement Plan

FY 2025-2029 Capital Improvement Plan – Key Takeaways

- ◆ Five-year forward-looking document with a 10-year outlook.
- ◆ FY 2025-2029 CIP is in alignment with the GLWA's Financial Plan.
- ◆ Opportunities for stakeholders to provide input during development.
- ◆ Board Capital Planning Committee recommended CIP approval to the Board of Directors on Dec 12, 2023.
- ◆ Includes only needed projects from all areas of the organization to promote redundancy, resiliency, and health & safety.
- ◆ Conforms with recommendations of master plans and meets regulatory and operational needs.

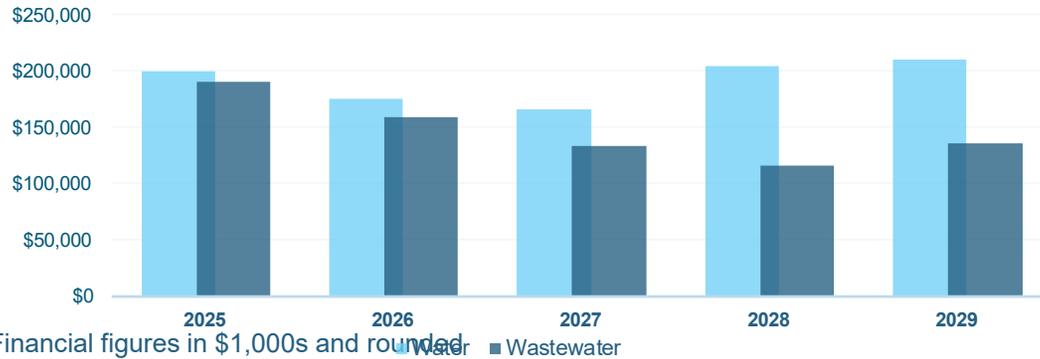


CIP – Capital Improvement Plan

FY 2025-2029 Capital Improvement Plan Summary



5-Year Outlook

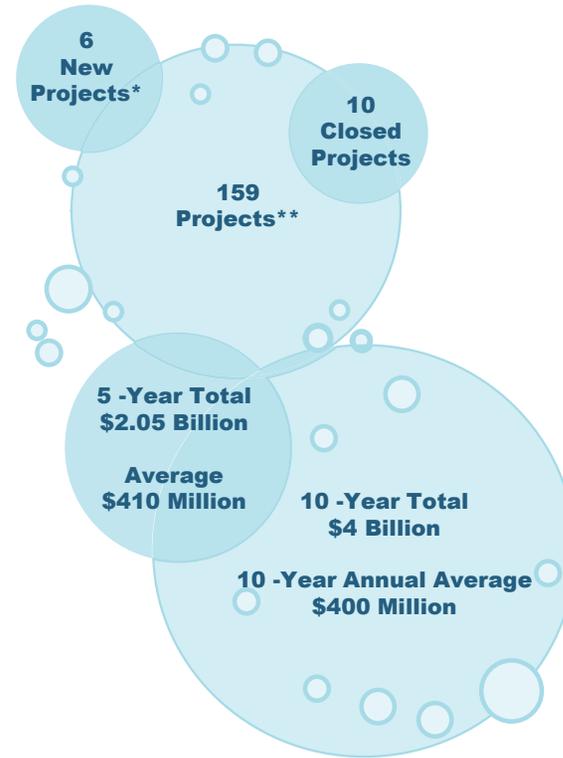


Financial figures in \$1,000s and rounded up. ■ Water ■ Wastewater

WATER	
5-Year Total	\$1,071,788
5-Year Average	\$214,358
10-Year Total	\$2,180,458
10-Year Average	\$218,046

WASTEWATER	
5-Year Total	\$982,525
5-Year Average	\$196,505
10-Year Total	\$1,822,439
10-Year Average	\$182,244

Based on Oct 31, 2023, Actuals and Project Manager cost and schedule updates as of Nov 20, 2023



*3 NEW PROJECTS FROM PROGRAMS
 ** IN ADDITION TO THE 159 PROJECTS, THERE ARE:
 +2 RECLASSIFIED PROJECTS
 +3 CANCELLED PROJECTS

Public Comment