



## 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, 2022.

### 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.

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## 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%