



**Discussion Draft**  
**Budget & Five-Year Plan One Pager**  
**FY 2020 through FY 2024**  
**As of January 10, 2019**

### **FY 2020 Budget Year Highlights**

Overall, the proposed revenue requirement (i.e. budget) increase is 3.5 percent. The impact of that budget increase on service charges is partially offset by an improved investment earnings program. System-wide, the water supply charges increase is estimated at 1.6 percent and the sewerage disposal service charges increase is estimated at 2.1 percent.<sup>1</sup>

### **New Initiatives in the FY 2020 Budget**

The Operations & Maintenance (O&M) budget increase of \$12.5 million includes several new initiatives as listed below.

*One Water Institute* (\$1.2 million) will expand educational opportunities and service sector training for GLWA and its Member-Partners.

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

*Capital Program Management* (\$1.3 million) will be managed, in part, by a contractor to assist GLWA in implementing its five-year capital improvement program (CIP). Potential award of a contract in February 2019 will also provide capital project delivery support services.

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

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

*Combined Sewer Overflow (CSO) Condition Assessment, Calibration, and Preventative*

*Maintenance Program* (\$470k) for various meters in each of the CSO Control Facilities.

*Reduced Shared Services* (\$3.1 million) impact due to DWSD's efforts to separate information technology systems and services provided by GLWA. GLWA's team members and contractual resources will be reassigned to meet GLWA's growing technology needs, mitigating the need for additional resources to support current and planned IT projects.

### **Long-Term Financial Plan**

Commitment to sound financial planning requires a long-term focus. The GLWA Board of Directors adopts a biennial budget with the added insight of an accompanying five-year financial plan. This supports financial stability and reduces surprises. The long-term plan's goal is to limit overall O&M expense increases to no more than 2 percent per year.

### **Capital Improvement Plan**

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

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

<sup>1</sup> Individual Member-Partner service charges will vary.