

ADDENDUM 1*Supplemental Information –**Enterprise-wide Operations & Maintenance Department and Account Level Amendments*

The summary of budget amendments for operations & maintenance department and account level amendments are organized by the four core groups. The net FY 2021 first quarter budget amendments result in a reduction to all categories: A - Water System Operations (\$1.1 million), B - Sewer System Operations (\$701,300), C – Centralized Services (\$2.4 million), and D – Administrative & Other Services (\$1.4 million).

GLWA's internal budget directive is for each area, group, and team to manage their needs to an amount within the initial budget. To the extent that is not possible, an amendment is made from the unallocated reserve. If savings are incurred, or an area appears to not require as much funding as established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased. In administering the budget, there are several refinements to departments and account categories. An explanation of key items is included in the table in Addendum 1.

FY 2021 Charges Adjustment "Deferral 1" Column Notes through September 30, 2020

- **Personnel Costs:** A review of the FY 2021 staffing plan showed that there was a total of 21 positions that would either not be filled in FY 2021 or would be filled later in the fiscal year than what was originally included in the plan. This is largely due to the COVID-19 alternate operating scenario in many areas. This resulted in a reduction to the Personnel Costs (Salaries & Wages, Fringe Benefits, and Contractual Transition Services) of \$1,527,100.
- **Unallocated Reserves:** An estimate for wage and benefit adjustments related to merit increases are included within the Operations & Maintenance contingency accounts (Unallocated Reserve) of the financial plan. Holding the Salaries & Wages at the current FY 2020 rates will result in a reduction of \$2,150,800 to the FY 2021 financial plan.

FY 2021 Charges Adjustment "Deferral 2" Column Notes through December 31, 2020

- On September 20, 2020 GLWA experienced a fire on the fifth floor of the Complex II building located at the Water Resourced Recovery Facility. It is believed that the fire started on conveyor belt "N" that supplies other conveyors that transport dewatered sludge "cake" to the multiple hearth incinerators 11 through 14. The fire damage includes the conveyor system, adjacent electrical, control conduit and wiring, and

some of the nearby steel structure. Additionally, soot adhered to a large portion of the building's ceiling steel members. GLWA is taking a two-phase approach for the restoration. Phase 1 is to restore the conveyance system as quickly as possible in order to safely resume incineration operations. Phase 2 is to procure a design/builder to complete a more detailed condition assessment of the area and to rehabilitate the remaining damaged assets that were not restored in phase 1. This will also include the removal of the soot from the steel structure. At this point the cost of the total restoration is unknown. The expected total cost for the restoration of the fire damage is between \$2 to \$3 million. At this time, we do not anticipate any improvements that would be outside of the insurance coverage. A budget amendment, in the amount of \$1,000,000, will be created to move budget from the Wastewater System Operations Unallocated Reserve to the Wastewater Fire Damage cost center to cover the deductible and anticipating that these costs will be operating in nature.