

## FY 2022 Service Charges Highlights

On February 24, 2021, the GLWA Board of Directors will hold a Public Hearing for the proposed schedule of charges for the fiscal year beginning July 1, 2021. The Board deliberation and action will occur after receiving public input.

### Charges are Based on Four Key Elements.

**1) Budget:** The costs for the daily operations and maintenance activities (such as the people, services, utilities, chemicals, and parts to operate plants and maintain the pipelines), 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”.

**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. For the water system, this includes the amount of water purchased each year. For the sewer system, each member partner is assigned a percentage “share.”

**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 2022 Water System Charges

The average system charge adjustment for water is a 2.0 percent increase. This is the result of 1) a proposed Water budget increase of 1.2 percent; 2) reduced investment earnings, creating the need for a one percent increase; and 3) an offset of 0.2 percent from increased estimated sales volumes. As a result of the 2019 Contract Alignment Process (CAP), the FY 2022 Units of Service changed for only 9 member partners. This has significantly improved charge stability among member partner communities. The proposed water charges reflect a uniform increase in common to all revenue requirements of 2.58 percent, with an average charge increase of 2.4 percent for the 79 member partners that did not have changes in contractual demand.

## Proposed FY 2022 Sewer System Charges

The recently updated Sewer Shares, which were collaboratively established through the Sewer Charges Workgroup, were included in the calculations for all member partners for the proposed FY 2022 charges. The average wholesale sewer charges reflect no change from the existing charges, with the entire system charge adjustment being at 0.2 percent decrease. This outcome is the result of a proposed FY 2022 Sewer budget decrease of 2.0 percent which was offset by 1) the loss of a one-time revenue source in the prior year and 2) reduced investment earnings.

### 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	2.0%	-0.2%
Five Year Average	1.9%	0.7%