

# Review of Proposed FY 2022 & FY 2023 Biennial Budget and Charges

---

*GLWA Board of Directors*

*January 27, 2021*



# Financial Plan Schedule

- **11/10/2020** - Capital Improvement Programs (Rollout #1)
- **11/19/2020** - Preliminary Units of Service (Rollout #2)
- **12/18/2020** – Audit Committee (receives long-term forecast; budget discussion draft; charges strategy)
- **1/7/2021** – Preliminary Proposed FY 2022 Budget and Financial Plan and Preliminary Charges (Rollout #3)
- **1/15/2021** – Audit Committee – Budget Review Session #1
- **1/21/2021** –Follow Up Review Session (Rollout #4)
- **1/22/2021** - Audit Committee – Budget Review Session #2
- ➔ • **1/27/2021** – Board Briefing - Budget, Charges, Financial Plan
- **2/24/2021** – GLWA Public Hearing; Board action follows on or after this date after Public Hearing conducted
- **7/1/2021** – Effective Date for Charges

# One Pager Series Now Available for FY 2022 – Operations & Maintenance Budget and Charges



## One Pager Series Biennial Budget & Five-Year Financial Plan Operations & Maintenance Budget FY 2022 through FY 2026 Proposed as of January 15, 2021

The GLWA "revenue requirement budget" is the basis for establishing the annual charges for services. Nearly 52.5% of the FY 2022 budget of \$823 million are legal commitments such as debt service (42%), lease payment (6%), Water Residential Assistance Program (WRAP) (0.5%) and legacy liabilities (4%). Capital funding reserve for replacement is 7.5% of the total budget. The Operations & Maintenance (O&M) expense represents \$329 million, or 40%, of the total requirement and is the focus of this One Pager. O&M represents an increase of \$6.5 million, or 2.0%, over FY 2021. In subsequent years the budgeted increase is 2%. Highlights for the upcoming year include:

**Water Operations – increase of \$3.1 million**  
Factors increasing the budget include Personnel Costs (\$1.0 million) due to the addition of eight positions with the largest number being in the job classification of apprenticeship as well as increases in medical plan fringe benefits; Chemicals (\$1.6 million) due to increased pricing since the last 3-year contract renewal; and, Utilities (\$0.5 million) based on historical trends.

**Wastewater Operations – decrease \$2.1 million**  
Factors increasing the budget include Personnel Costs (\$1.4 million) due to the addition of five positions in the apprenticeship program to support workforce development as well as increased medical benefit costs; Chemicals for water treatment was (\$1.0 million) based on expected pricing increase as contracts are renewed; and, Supplies & Other (\$1.7 million) for equipment and facilities maintenance.

Factors decreasing the budget include Utilities for Gas & Water (\$1.4 million) due to operational changes and equipment maintenance; decreased need for Unallocated reserve (\$2.0 million) due to stabilizing efforts in operations; decreased reliance

<sup>1</sup> Includes the Planning Services, Systems Operations Control; Facility and Fleet Operations; Field Service Operations; Energy, Research & Innovation; Information Technology; and Security & Integrity/HazMat.

<sup>2</sup> Includes the Board of Directors, Chief Executive Officer, Chief Administrative & Compliance Officer, Risk Management & Safety, General Counsel, Public Affairs, Organizational Development, and Financial Services

on contractors (\$2.8 million) for skilled labor positions (focusing on direct hire) as well as the GLWA team assuming responsibility for an instrumentation maintenance contract thereby allowing the contract to be eliminated.

**Centralized Services<sup>1</sup> – increase \$2.5 million**  
Factors increasing the budget include Information Technology (\$2.6 million) which includes a loss of \$1.4 million in shared service reimbursements as well as \$1.2 million increase for the investment in ERP subscription services and 4 FTEs to manage increasing technology needs. Facility Operations (\$1.1 million) for contractual services which fluctuate depending on equipment repair needs.

Factors decreasing the budget include reducing the Unallocated Reserve (\$0.8 million) for all centralized services in total. The Planning Services Area decreased both their total staffing plan and FTEs to realign with future priorities (\$0.4 million).

**Administrative Services<sup>2</sup> – increase \$3.1 million**  
Factors increasing are Personnel Costs (\$1.6 million) in Financial Services with 7.75 FTEs for the expanded WRAP oversight, and expanded needs for a contract management team. The Administration & Compliance Officer Area is adding three positions to support organizational wellness and legal services; Supplies & Other (\$0.4 million) for the new warehouse; Contractual Services (\$1.0 million) for the projected increase in business insurance rates.

**Staffing & Personnel** – The staffing plan (number of positions) is at 1,240, an increase of 21 and full-time equivalents (FTEs) at 1,218.75, an increase of 19.25.

**Questions?** Contact the Office of the Chief Financial Officer at [cfo@glwater.org](mailto:cfo@glwater.org)



## One Pager Series FY 2022 Water & Sewer Service Charges Proposed as of January 15, 2021

### 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 the customer. The outcome is the charge calculation for each member partner.

**Questions?** Contact the Office of the Chief Financial Officer at [cfo@glwater.org](mailto:cfo@glwater.org)

### 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%

# Executive Summary of FY 2022 Budget and Charge Proposals



# Three Key Elements to the BUDGET

“BUDGET” = Comprehensive Annual Revenue Requirement

- ✓ Budgeted O&M Expense
- ✓ Master Bond Ordinance Commitments
  - *Projected Debt Service*
  - *“Fixed” Non-Operating Expenses*
    - Pension Reimbursement Obligations;
    - WRAP Deposit;
    - Lease Payment (part of revenue financed capital below);
    - Other Reserve Requirements, etc.
- ✓ Deposit to the Improvement and Extension (I&E) Funds
  - *Revenue Financed Capital Improvements/Paygo Capital*

# FY 2022 Budget Proposals

System	Water	Sewer
<b>Overall Revenue Requirement Change</b>	<b>1.2% Increase</b>	<b>2.0% Decrease</b>
<b>O&amp;M Expense Budget</b>	<i>6.1% Increase due primarily to chemical and contractual services and higher allocation of support costs Overall GLWA increase is 2.0%</i>	<i>1.0% Decrease due primarily to chemical and contractual services and lower allocation of support costs Overall GLWA increase is 2.0%</i>
<b>Debt Service</b>	<i>5.4% Decrease as result of 2020 Refinancing savings</i>	<i>1.2% Decrease as result of 2020 Refinancing savings</i>
<b>Other MBO Req'ts</b>	<i>Fixed – no change until FY 2024</i>	<i>Fixed – no change until FY 2024</i>
<b>Baseline Revenue</b>	<i>0.8% Decrease due to lower interest rates and investment earnings, slightly offset by moderate sales increase</i>	<i>1.8% Decrease due to elimination of one time OMID capital contribution and lower interest rates and investment earnings</i>
<b>I&amp;E Fund Deposit (Pay Go Capital)</b>	<i>\$28.1 million = ~ 8.1% of overall revenue Consistent with short term objectives</i>	<i>\$34.6 million = ~ 7.3% of overall revenue Consistent with short term objectives</i>



# Water Biennial BUDGET Highlights: Comprehensive Revenue Requirements

## Schedule 1A - Water System Revenue Requirements Budget

		Current Year (a)		Biennial Budget					
		FY 2021 Adopted Budget	FY 2021 Estimated	FY 2022 Department Requested	FY 2022 Dollar Variance	FY 2022 Percent Variance	FY 2023 Department Requested	FY 2023 Dollar Variance	FY 2023 Percent Variance
	Water System Revenue Requirements								
	Revenues								
1	Revenues from Charges	\$336,807,600	\$335,060,300	\$344,369,500	\$7,561,900	2.2%	\$354,734,700	\$10,365,200	3.0%
2	Other Operating Revenue	-	175,000	175,000	175,000	0.0%	175,000	-	0.0%
3	Non-Operating Revenue	4,834,400	1,276,400	1,046,000	(3,788,400)	-78.4%	1,048,500	2,500	0.2%
4	Total Revenues	341,642,000	336,511,700	345,590,500	3,948,500	1.2%	355,958,200	10,367,700	3.0%
	Revenue Requirements								
5	Operations & Maintenance (O&M) Expense	\$137,127,300	\$134,127,300	\$145,497,300	\$8,370,000	6.1%	\$149,545,300	\$4,048,000	2.8%
6	General Retirement System Legacy Pension	6,048,000	6,048,000	6,048,000	-	0.0%	6,048,000	-	0.0%
7	Debt Service	143,189,900	137,436,100	135,481,000	(7,708,900)	-5.4%	146,520,400	11,039,400	8.1%
8	General Retirement System Accelerated Pension	6,268,300	6,268,300	6,268,300	-	0.0%	6,268,300	-	0.0%
9	Water Residential Assistance Program Contribution	1,669,400	1,669,400	1,702,000	32,600	2.0%	1,779,800	77,800	4.6%
10	Lease Payment	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
11	Operating Reserve Deposit	876,600	-	-	(876,600)	-100.0%	-	-	0.0%
11	Improvement & Extension Fund Transfer Pending	23,962,500	28,462,600	28,093,900	4,131,400	17.2%	23,296,400	(4,797,500)	-17.1%
13	Annual Water System Revenue Requirements	\$341,642,000	\$336,511,700	\$345,590,500	\$3,948,500	1.2%	\$355,958,200	\$10,367,700	3.0%
14	Change in Annual Revenue Requirement				3,948,500	1.2%	10,367,700	3.0%	
15	Change Attributable to Non-Charge Revenue (FY 2022 reduction in investment earnings see lines 2&3)				3,613,400	1.1%	(2,500)	0.0%	
16	Change Attributable to Sales Revenue (FY 2022 attributable to increased projected Water Sales)				(809,700)	-0.2%	-	0.0%	
17	Charge Adjustment (Based on System Charge Adjustment of 2.0%)				6,752,200	2.0%	10,365,200	3.0%	

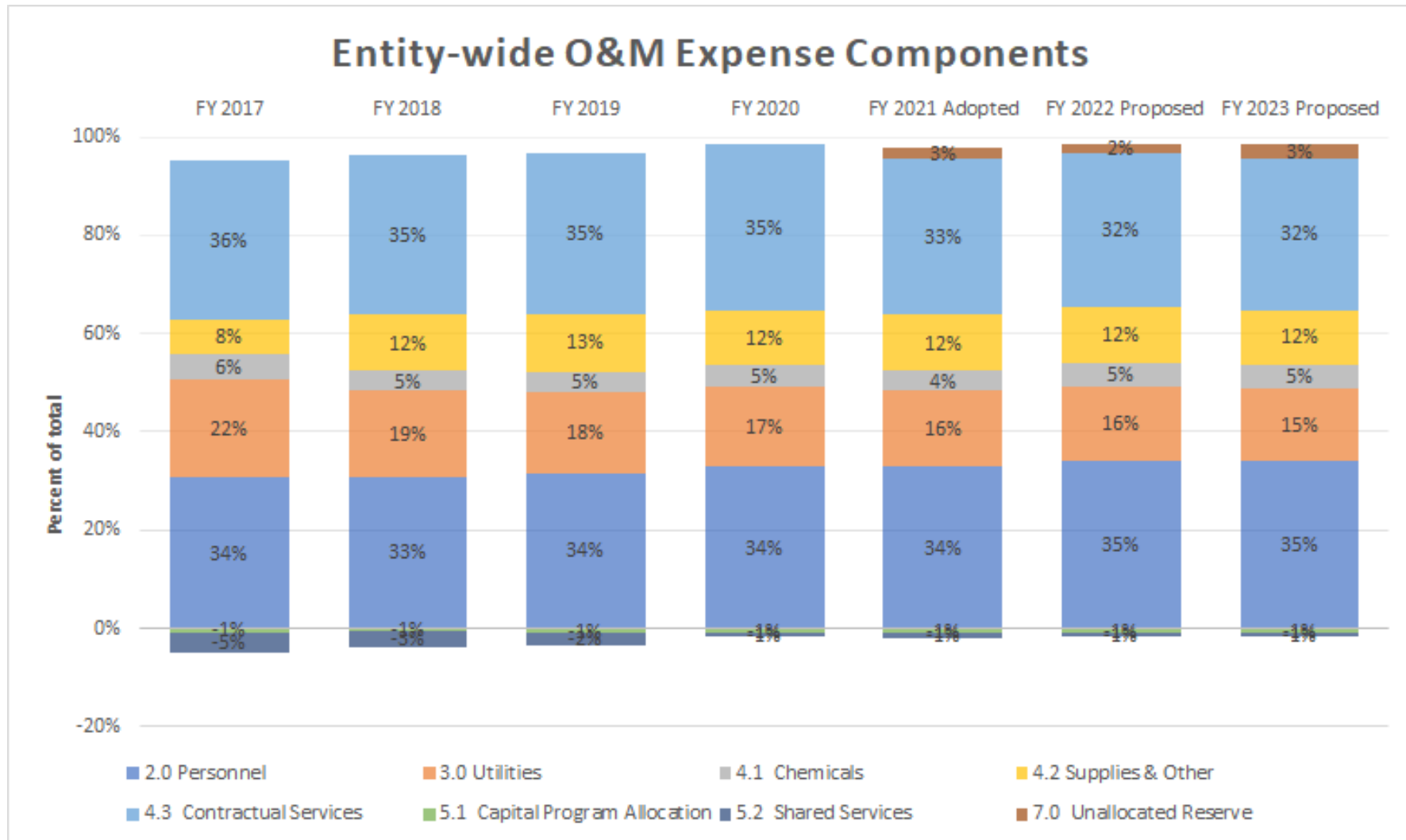
# Sewer Biennial BUDGET Highlights: Comprehensive Revenue Requirements

## Schedule 1B - Sewer System Revenue Requirements Budget

		Current Year (a)		Biennial Budget					
		FY 2021 Adopted Budget	FY 2021 Estimated	FY 2022 Department Requested	FY 2022 Dollar Variance	FY 2022 Percent Variance	FY 2023 Department Requested	FY 2023 Dollar Variance	FY 2023 Percent Variance
<b>Sewer System Revenue Requirements</b>									
<b>Revenues</b>									
1	Revenues from Charges	\$481,162,100	\$ 475,904,300	\$ 475,802,600	\$(5,359,500)	-1.1%	\$ 489,927,900	\$ 14,125,300	3.0%
2	Other Operating Revenue	-	400,000	400,000	400,000	0.0%	400,000	-	0.0%
3	Non-Operating Revenue	5,589,200	1,045,900	1,010,800	(4,578,400)	-81.9%	1,201,900	191,100	18.9%
4	<b>Total Revenues</b>	<b>486,751,300</b>	<b>477,350,200</b>	<b>477,213,400</b>	<b>(9,537,900)</b>	<b>-2.0%</b>	<b>491,529,800</b>	<b>14,316,400</b>	<b>3.0%</b>
<b>Revenue Requirements</b>									
5	Operations & Maintenance (O&M) Expense	\$184,946,100	\$182,296,000	\$183,096,700	\$(1,849,400)	-1.0%	\$185,619,000	\$2,522,300	1.4%
6	General Retirement System Legacy Pension	10,824,000	10,824,000	10,824,000	-	0.0%	10,824,000	-	0.0%
7	Debt Service	209,739,900	201,780,500	207,209,500	(2,530,400)	-1.2%	204,566,500	(2,643,000)	-1.3%
8	General Retirement System Accelerated Pension	11,620,700	11,620,700	11,620,700	-	0.0%	11,620,700	-	0.0%
9	Water Residential Assistance Program Contribution	2,415,100	2,415,100	2,345,600	(69,500)	-2.9%	2,457,600	112,000	4.8%
10	Lease Payment	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
11	Operating Reserve Deposit	-	-	-	-	0.0%	-	-	0.0%
11	Improvement & Extension Fund Transfer Pending	39,705,500	40,913,900	34,616,900	(5,088,600)	-12.8%	48,942,000	14,325,100	41.4%
14	<b>Annual Sewer System Revenue Requirements</b>	<b>\$486,751,300</b>	<b>\$ 477,350,200</b>	<b>\$ 477,213,400</b>	<b>\$(9,537,900)</b>	<b>-2.0%</b>	<b>\$ 491,529,800</b>	<b>\$ 14,316,400</b>	<b>3.0%</b>
15	<i>Change in Annual Revenue Requirement</i>				<i>(9,537,900)</i>	<i>-2.0%</i>		<i>14,316,400</i>	<i>3.0%</i>
16	<i>Change Attributable to Non-Charge Revenue (FY 2022 reduction in investment earnings see lines 2&amp;3)</i>				<i>4,178,400</i>	<i>0.9%</i>		<i>(191,100)</i>	<i>0.0%</i>
17	<i>Change Attributable to Sales Revenue (FY 2022 attributable to elimination of one time OMID Charge)</i>				<u><i>4,226,100</i></u>	<u><i>0.9%</i></u>		<u><i>-</i></u>	<u><i>0.0%</i></u>
18	<b>Charge Adjustment (Based on no change in overall charges to "SHAREs" Member Partners)</b>				<b>(1,133,400)</b>	<b>-0.2%</b>		<b>14,125,300</b>	<b>3.0%</b>



# Entitywide O&M Expense Components Trend - % of Total



## FY 2022 Charge Proposals

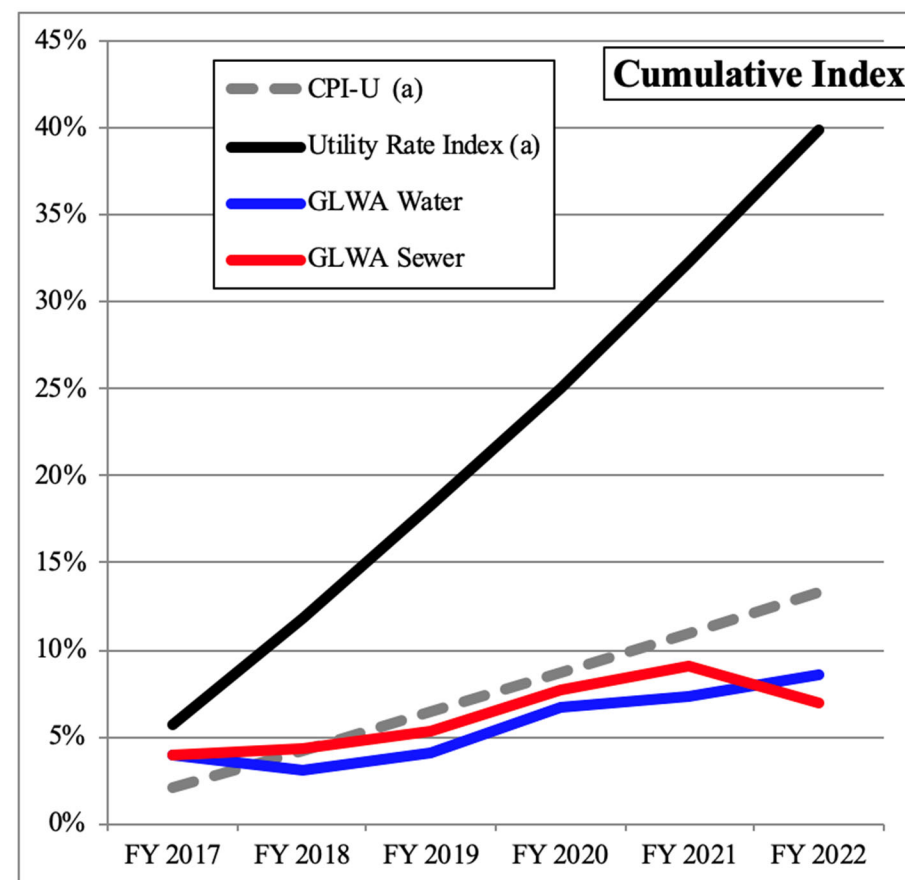
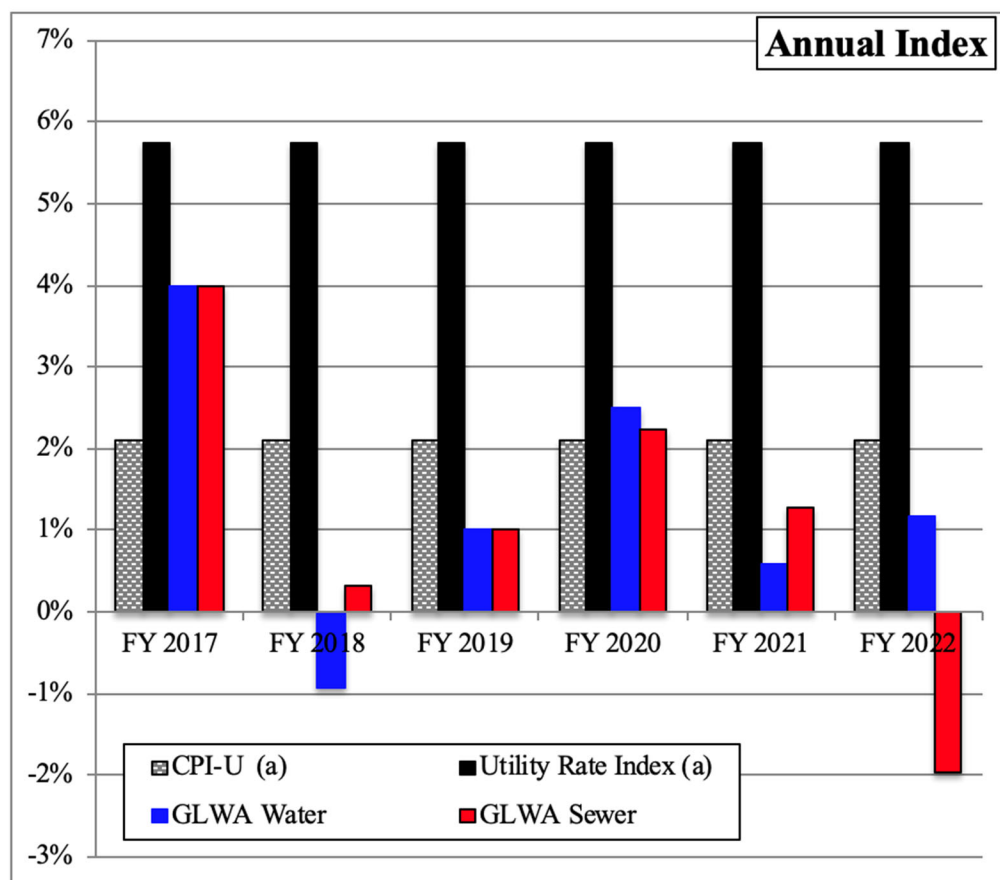
System	Water	Sewer
<b>System Charge Adjustment</b>	<b>2.0% Increase</b>	<b>0.2% Decrease – No overall increase for Member Partner Charges related to SHAREs</b>
<b>Charges Strategy</b>	<p><i>Specific cost of service based charge adjustments for the 9 Member Partners with changes in max day or peak hour demands (average decrease of 0.2%)</i></p> <p><i>Uniform increase of ~ 2.4% for other 79 Member Partners</i></p> <p><i>Stability strategy embraces CAP demand changes and Methodology Review, both of which could impact FY 2024 Water Charges</i></p>	<p><i>No overall increase for Member Partner Charges related to SHAREs</i></p> <p><i>Impact on Individual Member Partners identical to those presented in November when Board endorsed new SHAREs methodology</i></p> <p><i>No Bad Debt expense related to Highland Park included in Charges to Suburban Wholesale Member Partners while continued monitoring of Cumulative Balance</i></p>

# GLWA BUDGET Adjustments Compared to Utility Indices

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

Annual Index					
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
4.0%	-0.9%	1.0%	2.5%	0.6%	1.2%
4.0%	0.3%	1.0%	2.2%	1.3%	-2.0%

Cumulative Index					
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
2.1%	4.2%	6.4%	8.7%	11.0%	13.3%
5.8%	11.8%	18.3%	25.1%	32.3%	39.9%
4.0%	3.0%	4.1%	6.7%	7.3%	8.5%
4.0%	4.3%	5.4%	7.7%	9.1%	6.9%

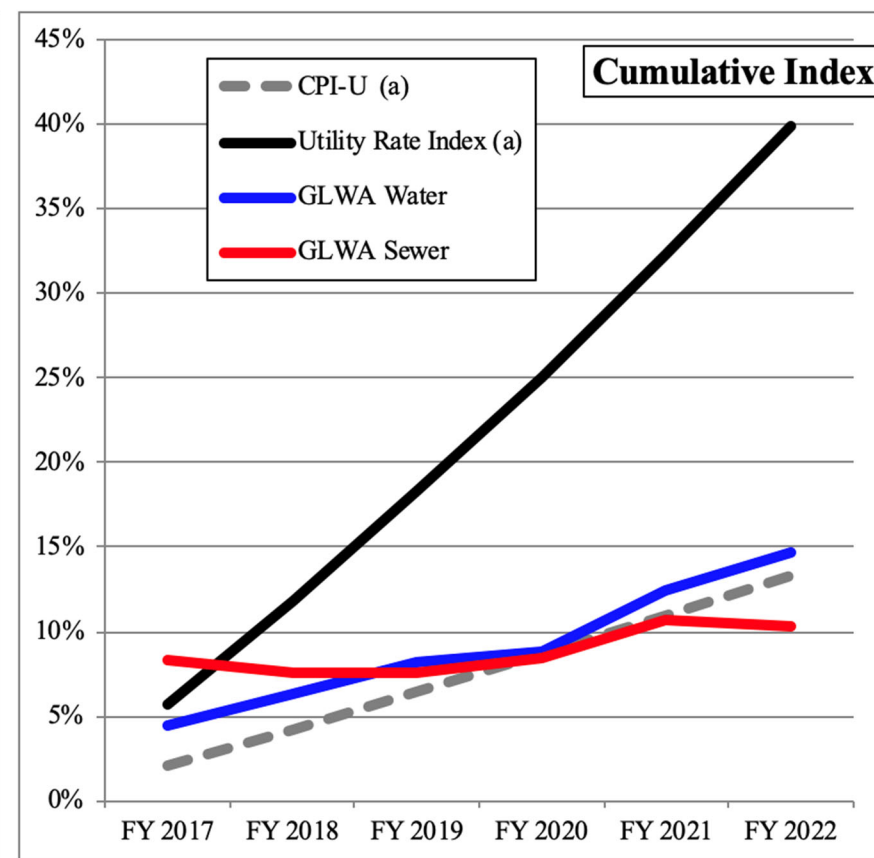
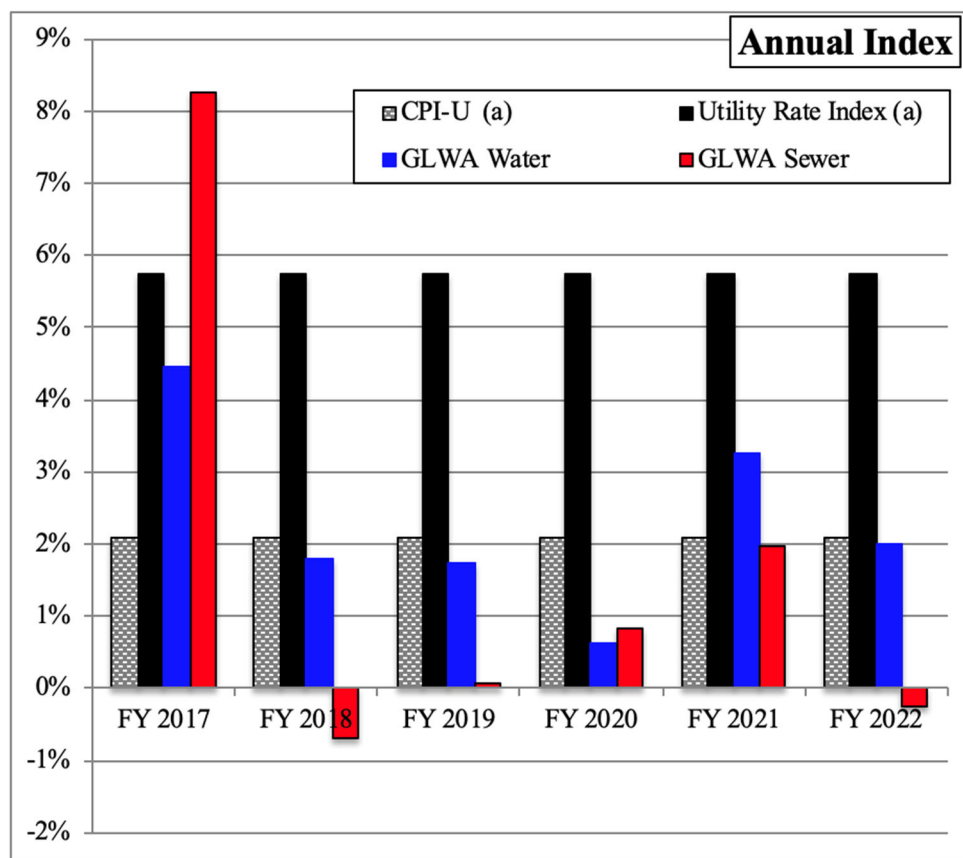


# GLWA CHARGE Adjustments Compared to Utility Indices

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

Annual Index					
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
2.1%	2.1%	2.1%	2.1%	2.1%	2.1%
5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
4.5%	1.8%	1.8%	0.6%	3.2%	2.0%
8.3%	-0.7%	0.1%	0.8%	2.0%	-0.2%

Cumulative Index					
FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
2.1%	4.2%	6.4%	8.7%	11.0%	13.3%
5.8%	11.8%	18.3%	25.1%	32.3%	39.9%
4.5%	6.3%	8.2%	8.9%	12.4%	14.6%
8.3%	7.5%	7.6%	8.5%	10.6%	10.4%



## Additional Information on Financial Plan





## What is GLWA's "Financial Plan"?

- ✓ What is GLWA's financial plan?

*The financial plan is a set of documents that transparently charts the financial course on a path of long-term sustainability.*

- ✓ Why focus on a long-term plan?

*Decisions decades ago impact today; decisions we make today impact future generations. This is the basis for achieving affordability.*

- ✓ What goes into a financial plan?

*Extensive input, analysis, and collaboration by subject matter experts that span finance, engineering, legal, and operations, both internal and external to GLWA.*

## What are the Financial Plan documents?

- ✓ FY 2022 & FY 2023 Biennial Budget and Five Year Plan (FY 2022 – FY 2026)
- ✓ Ten Year Financial Plan through FY 2031
- ✓ FY 2022 – FY 2026 Five Year Capital Improvement Plan
- ✓ Cost of Service Study – FY 2022
  - *Establishes Proposed Water and Sewer Service Charges for FY 2022*
  - *Published concurrent with today's meeting*

# Ten Year Financial Forecast

- ✓ The updated ten year financial forecast was presented to the to the Audit Committee on 12/18/2020
- ✓ The FY 2022 and FY 2023 Biennial Budget serves as the starting point for the ten year forecast
  - *The long-term forecast is published in the 12/18/2020 Audit Committee Binder available online at <https://www.glwater.org/financials/>*
  - *Will soon be published as a standalone document on website (in February 2021)*

# Ten Year Financial Plan Forecasts Highlights

System	Water	Sewer
<b>Theme</b>	<i>Capital and O&amp;M Pressures</i>	<i>Long-term Sustainability in Sight</i>
<b>Annual Revenue Requirement Increase Limit</b>	3% (less than the 4% Promise)	3% (less than the 4% Promise)
<b>Capital Spending Ratio</b>	Assuming a 75% of CIP Spend Rate	Assuming a 75% of CIP Spend Rate
<b>Reliance on Debt for Capital</b>	<i>More</i>	<i>Less</i>
<b>Debt Service Coverage Ratios</b>	<i>Declines</i>	<i>Improves</i>
<b>Risks that we are managing</b>	Increased Capital vs. 3% Assumption Increased Regulatory Requirements Legacy Pension	Increased Regulatory Requirements Legacy Pension

## Financial Plan Highlights - continued

System	Water	Sewer
<b>O&amp;M Biennial Budget Forecast - FY 2022 &amp; FY 2023</b>	<p><i>Overall increase of 6.1% for FY 2022 and 2.8% for FY 2023</i></p> <p><i>Reflects budgetary pressure on chemical and contractual services at the Water Treatment Plants</i></p> <p><i>Moderate shift in focus of Systems Planning activities from Sewer to Water</i></p> <p><i>Adjustments to Unallocated Reserves to reflect recent performance</i></p>	<p><i>Overall decrease of 1% for FY 2022 and a 1.4% increase for FY 2023</i></p> <p><i>Reflects budgetary savings in utilities and contractual services at the WRRF</i></p> <p><i>Moderate shift in focus of Systems Planning activities from Sewer to Water</i></p> <p><i>Adjustments to Unallocated Reserves to reflect recent performance</i></p>
<b>O&amp;M Forecast for FYs 2024 - 2026</b>	<p><i>Approximately annual increases of 2.0%</i></p>	<p><i>Approximately annual increases of 2.0%</i></p>



## Financial Plan Highlights - continued

System	Water	Sewer
<b>Debt Service – Biennial Budget FY 2022 &amp; FY 2023</b>	<p><i>Debt Service will decline in FY 2022 and increase in FY 2023</i></p> <p><i><u>FY 2022 \$7.8 million lower than approved FY 2021 Budget due to savings from Series 2020 Refinancing</u></i></p> <p><i>FY 2023 will increase by \$11.0 million due to progress on DWRP Funded CIP projects and forecasted Revenue Bond Sale</i></p>	<p><i>Debt Service will decline in both FY 2022 and FY 2023</i></p> <p><i><u>FY 2022 \$2.5 million lower than approved FY 2021 Budget due to savings from Series 2020 Refinancing</u></i></p> <p><i>FY 2023 will decrease by \$2.6 million due to existing debt structure, which offsets new debt service on CWRP Funded CIP projects and forecasted Revenue Bond Sale</i></p>
<b>Debt Service – Forecast for FYs 2024 – 2026</b>	<p><i>Continued steady increases to support additional forecasted bond sales and DWRP activity</i></p> <p><i>Forecasted FY 2026 Debt Service is \$33 million (24%) higher than Amended FY 2021 Budget</i></p>	<p><i>Relatively minor increases</i></p> <p><i>Forecasted FY 2026 Debt Service is less than \$5 million (~ 5%) higher than Amended FY 2021 Budget</i></p>

## Financial Plan Highlights - continued

System	Water	Sewer
<b>Other Revenue Requirements</b>	<p>Legacy Pension Allocation is fixed through FY 2023</p> <p>Forecasted reduction starting in FY 2024</p> <p>Future amounts subject to actuarial updates</p> <p>Total Lease Payment is fixed @ \$50 million for life of the Lease - <i>Amount allocated to Water is \$22.5 million</i></p> <p>WRAP Deposit fixed at 0.5% of revenue from charges</p>	<p>Legacy Pension Allocation is fixed through FY 2023</p> <p>Forecasted reduction starting in FY 2024</p> <p>Future amounts subject to actuarial updates</p> <p>Total Lease Payment is fixed @ \$50 million for life of the Lease - <i>Amount allocated to Sewer is \$27.5 million</i></p> <p>WRAP Deposit fixed at 0.5% of revenue from charges</p>

## Financial Plan Highlights - continued

System	Water	Sewer
<b>I&amp;E Funding Biennial Budget FY 2022 &amp; FY 2023</b>	<i>FY 2022 Deposit to I&amp;E Fund for “pay go” CIP Financing Slightly lower than FY 2021 Amended Budget for FY 2022 Declines by \$4.8 million in FY 2023 as new debt service occurs</i>	<i>Deposit to I&amp;E Fund for “pay go” CIP Financing \$5.1 million lower than FY 2021 Amended Budget for FY 2022 Reflects elimination of OMID capital contribution revenue, which was included as FY 2021 budgeted revenue @ \$5.96 million Increases by \$14.3 million due to moderate growth in O&amp;M Budget and debt service decline</i>
<b>I&amp;E Funding Forecast for FYs 2024 - 2026</b>	<i>Returns to Amended FY 2021 Budget level in FY 2024 Moderate increases in FY 2025 and FY 2026 FY 2026 amount is only ~ \$4 million greater than Amended FY 2021 Budget level</i>	<i>Significant growth as debt service and other MBO requirements are steady FY 2026 amount is more than double than Amended FY 2021 Budget level</i>

# Capital Finance Plan

*Aligns with Long-term Financial Plans*



# Water Biennial BUDGET Highlights: Capital Financing Plan

## Schedule 5A - Water Capital Financing Plan Water Construction Fund

	Current Year	Biennial Budget		Forecast		
	FY 2021 Estimated	FY 2022 Department Requested	FY 2023 Department Requested	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested
<b>Inflows &amp; Outflows</b>						
<b>Water Construction Fund</b>						
Bond Proceeds, Net	\$0	\$0	\$192,700,000	\$0	\$183,300,000	\$0
Bond Fund Earnings on Investments	62,600	-	202,300	674,100	356,700	984,600
Grant Revenues (DWRFL Loans)	45,397,000	26,100,000	16,600,000	16,600,000	16,600,000	15,810,000
Transfers from I&E Fund	50,139,100	110,481,000	57,280,300	19,597,900	22,705,900	23,837,000
Project Expenditures	(114,559,000)	(136,581,000)	(150,551,000)	(149,390,000)	(128,214,000)	(136,823,000)
Increase (Decrease) in Construction Funds	(18,960,300)	\$0	\$116,231,600	(\$112,518,000)	\$94,748,600	(\$96,191,400)
Beginning Year Balance	18,960,300	-	-	116,231,600	3,713,600	98,462,200
<b>Projected Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$116,231,600</b>	<b>\$3,713,600</b>	<b>\$98,462,200</b>	<b>\$2,270,800</b>

## Water Improvement & Extension Fund

	Current Year	Biennial Budget		Forecast		
	FY 2021 Estimated	FY 2022 Department Requested	FY 2023 Department Requested	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested
<b>Inflows &amp; Outflows</b>						
<b>Water Improvement &amp; Extension Fund</b>						
Water System Revenue Transfers	\$28,462,600	\$28,093,900	\$23,296,400	\$28,357,400	\$31,287,900	\$32,356,700
Receipt of DWSD Shortfall Loan	-	-	-	-	-	-
Budgeted Capital Outlay	(17,892,000)	(17,006,600)	(14,078,600)	(8,759,500)	(8,582,000)	(8,519,700)
Minimum Transfer to Construction Fund	(11,455,900)	(13,658,100)	(15,055,100)	(14,939,000)	(12,821,400)	(13,682,300)
Additional Transfer to Construction Fund	(38,683,200)	(96,822,900)	(42,225,200)	(4,658,900)	(9,884,500)	(10,154,700)
Increase (Decrease) in I&E Reserves	(\$39,568,500)	(\$99,393,700)	(\$48,062,500)	\$0	\$0	\$0
Beginning Year Balance	277,024,700	237,456,200	138,062,500	90,000,000	90,000,000	90,000,000
<b>Projected Ending Balance</b>	<b>\$237,456,200</b>	<b>\$138,062,500</b>	<b>\$90,000,000</b>	<b>\$90,000,000</b>	<b>\$90,000,000</b>	<b>\$90,000,000</b>



# Sewer Biennial BUDGET Highlights: Capital Financing Plan

**Schedule 5B - Sewer Capital Financing Plan**  
**Sewer Construction Fund**

	Current Year	Biennial Budget		Forecast		
	FY 2021 Estimated	FY 2022 Department Requested	FY 2023 Department Requested	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested
<b>Inflows &amp; Outflows</b>						
<b>Sewer Construction Fund</b>						
Bond Proceeds, Net	\$0	\$0	\$122,200,000	\$0	\$108,100,000	\$0
Bond Fund Earnings on Investments	69,800	-	128,300	408,400	218,300	539,500
Grant Revenues (CWRP Loans)	23,586,000	31,992,000	4,122,000	-	-	-
Transfers from I&E Fund	51,020,500	47,321,000	35,422,000	53,437,400	72,055,300	81,027,400
Project Expenditures	(95,814,000)	(79,313,000)	(91,456,000)	(120,972,000)	(129,713,000)	(131,850,000)
Increase (Decrease) in Construction Funds	(21,137,700)	\$0	\$70,416,300	(\$67,126,200)	\$50,660,600	(\$50,283,100)
Beginning Year Balance	21,137,700	-	-	70,416,300	3,290,100	53,950,700
<b>Projected Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$70,416,300</b>	<b>\$3,290,100</b>	<b>\$53,950,700</b>	<b>\$3,667,600</b>

**Sewer Improvement & Extension Fund**

	Current Year	Biennial Budget		Forecast		
	FY 2021 Estimated	FY 2022 Department Requested	FY 2023 Department Requested	FY 2024 Department Requested	FY 2025 Department Requested	FY 2026 Department Requested
<b>Inflows &amp; Outflows</b>						
<b>Sewer Improvement &amp; Extension Fund</b>						
Sewer System Revenue Transfers	\$40,913,900	\$34,616,900	\$48,942,000	\$61,417,300	\$79,165,400	\$88,659,300
Receipt of DWSD Shortfall Loan	19,288,300	8,705,000	-	-	-	-
Budgeted Capital Outlay	(20,521,300)	(15,965,100)	(18,211,900)	(7,979,900)	(7,110,100)	(7,631,900)
Minimum Transfer to Construction Fund	(9,581,400)	(7,931,300)	(9,145,600)	(12,097,200)	(12,971,300)	(13,185,000)
Additional Transfer to Construction Fund	(41,439,100)	(39,389,700)	(26,276,400)	(41,340,200)	(59,084,000)	(67,842,400)
Increase (Decrease) in I&E Reserves	(\$11,339,600)	(\$19,964,200)	(\$4,691,900)	\$0	\$0	\$0
Beginning Year Balance	125,995,700	114,656,100	94,691,900	90,000,000	90,000,000	90,000,000
<b>Projected Ending Balance</b>	<b>\$114,656,100</b>	<b>\$94,691,900</b>	<b>\$90,000,000</b>	<b>\$90,000,000</b>	<b>\$90,000,000</b>	<b>\$90,000,000</b>

