



Legislation Details (With Text)

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**Title:** PROPOSED FY 2021 AND FY 2022 BIENNIAL BUDGET REQUEST  
**Sponsors:** Nicolette Bateson  
**Indexes:** Finance

**Code sections:**

**Attachments:** 1. 7A Overview – Proposed FY 2021 & FY 2022 Biennial Budget and Five-Year Financial Plan Binder.pdf, 2. BOD Presentation 010820, 3. Sewer Forecast Exhibits, 4. Water Forecast Exhibits

Date	Ver.	Action By	Action	Result
1/8/2020	1	Board of Directors Workshop Meeting	Received and Filed	Pass

**PROPOSED FY 2021 AND FY 2022 BIENNIAL BUDGET REQUEST**

Agenda of: January 8, 2020  
Item No.: **2020-006**  
Amount: N/A

**TO:** The Honorable  
Board of Directors  
Great Lakes Water Authority

**FROM:** Sue F. McCormick  
Chief Executive Officer  
Great Lakes Water Authority

**DATE:** January 8, 2020

**RE: PROPOSED FY 2021 AND FY 2022 BIENNIAL BUDGET REQUEST**

**MOTION**

Upon recommendation of Nicolette N. Bateson, Chief Financial Officer/Treasurer, the Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **receives, files, and refers the proposed FY 2021 and FY 2022 biennial budget and related five-year financial plan to the Audit Committee;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

### **BACKGROUND**

Development, and related Audit Committee discussion of the proposed FY 2021 and FY 2022 biennial budget and related five-year financial plan has begun. Materials from the December 19, 2019 Audit Committee meeting related to the biennial budget and five-year plan are attached. A summary presentation will be provided to the Board of Directors at the meeting on January 8, 2020. GLWA's revenue charges consultant will also provide a brief presentation that links the proposed budget to member partner charges. The latter topic will be the focus of a presentation to the Board on January 22, 2020.

Highlights of the proposed budget include the following.

1. Water system total revenue requirement budget increase request of 1.1%
  - a. Key driver of increase is related to operations and maintenance expense
2. Sewer system total revenue requirement budget increase request of 3.0%
  - a. Key driver of increase is related to increasing debt service coverage
3. Much of the entity-wide FY 2021 budget of \$838 million is fixed commitments:  
Debt service at 41%  
Operations & Maintenance (O&M) expense at 38%  
Capital funding 10%  
Lease payment at 6%  
Legacy liabilities at 4%  
Other (including the Water Residential Assistance Program) at 1%
4. The second year of the biennial budget reflects a 3% increase overall.
5. The revenue requirement for FY 2021 is based upon a capital spend ratio of 75% with an increase to 85% for FY 2022.
6. The impact of three full years of audited results provided a solid foundation for the preparation of the upcoming budgets.

### **JUSTIFICATION**

The efforts toward a final budget, charges, and capital financing plan are scheduled for a detail review by the Audit Committee at its regular meeting on January 17, 2020.

### **BUDGET IMPACT**

This action is a step toward establishment of a new budget with an effective date of July 1, 2020.

### **COMMITTEE REVIEW**

The next Audit Committee review is scheduled for January 17, 2020.