

Note: This presentation was presented prior to Board action and does not reflect Board approval of the final budget and charges that support the action to reduce the water average system charges to 5.9%



Public Hearing and Review of Revised, Proposed Budget and Charges

Board Meeting
February 26, 2025

Developing Annual Charges and Biennial Budget is a Public Process that Spans Six Months

Overall Budget & Charges Timing

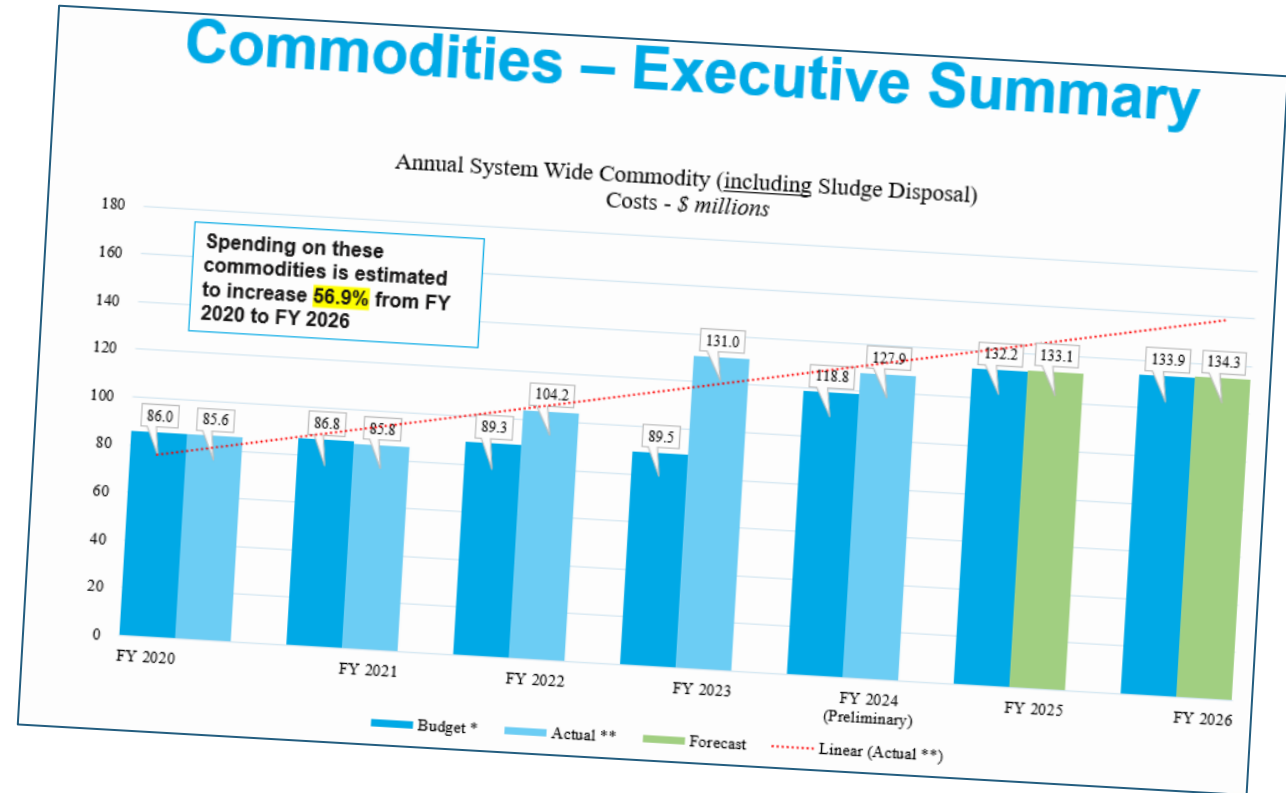
- ◆ Tuesday, September 10, 2024 – Capital Planning Committee –CIP Spend Update
- ◆ Monday, September 30, 2024 – Internal Deadline for Operations & Maintenance Cost Center Budget Request
- ◆ **Wednesday, October 9, 2024 – Board of Directors Workshop Meeting**
 - ◆ Economic Outlook Task Force Update
 - ◆ Budget and Charges Briefing
- ◆ Tuesday, October 15, 2024 – Capital Planning Committee – CIP Version 1.0
- ◆ **Thursday, October 17, 2024 - Charges Rollout #1 – CIP Version 1.0**
- ◆ **Tuesday, November 12, 2024 - Charges Rollout #2 - Units of Service**
- ◆ Thursday, November 30, 2024 – Pencils Down to Compile Proposed Materials
- ◆ Tuesday, December 10, 2024 – Capital Planning Committee – CIP Version 2.0
- ◆ Monday, January 6, 2025 – Audit Committee - Proposed Budget and Charges Strategy
- ◆ **Thursday, January 9, 2025 – Charges Rollout #3 – Proposed Charges and Introduction of Proposed Budget**
- ◆ Monday, January 13, 2025 through Wednesday, January 15, 2025 – Member Partner One-on-One Meetings
- ◆ **Thursday, January 16, 2025 – Charges Rollout #4 – Feedback on Charges and Further Review of Proposed Budget**
- ◆ Wednesday, January 22, 2025 – Board Meeting Presentations
 - ◆ Proposed FY 2026 and 2027 Biennial Budget (Revenue Requirement) and Five-Year
- ◆ *Friday, January 24, 2025 (date may change) – Audit Committee – Continued Review of Proposed Budget and Charges*
- ◆ **Based on Contract, Monday, January 27, 2025 - Mail Notice to Member Partners of Public Hearing to be held on February 26, 2025**
- ◆ **Wednesday, February 26, 2025 – Board Meeting**
 - ◆ Public Hearing FY 2026 & FY 2027 Biennial Budget
 - ◆ Public Hearing FY 2026 Schedule of Revenues and Charges
 - ◆ Proposed Adoption of FY 2026 & FY 2027 Biennial Budget (subject to public comment)
 - ◆ Proposed Approval of the FY 2026 Schedule of Revenues and Charges (subject to public comment)
 - ◆ Proposed Approval of FY 2026–2030 Capital Improvement Plan
- ◆ Monday, July 1, 2025 – Effective date of budget, charges, and capital plan

FY 2026 - A Year of Rebalancing

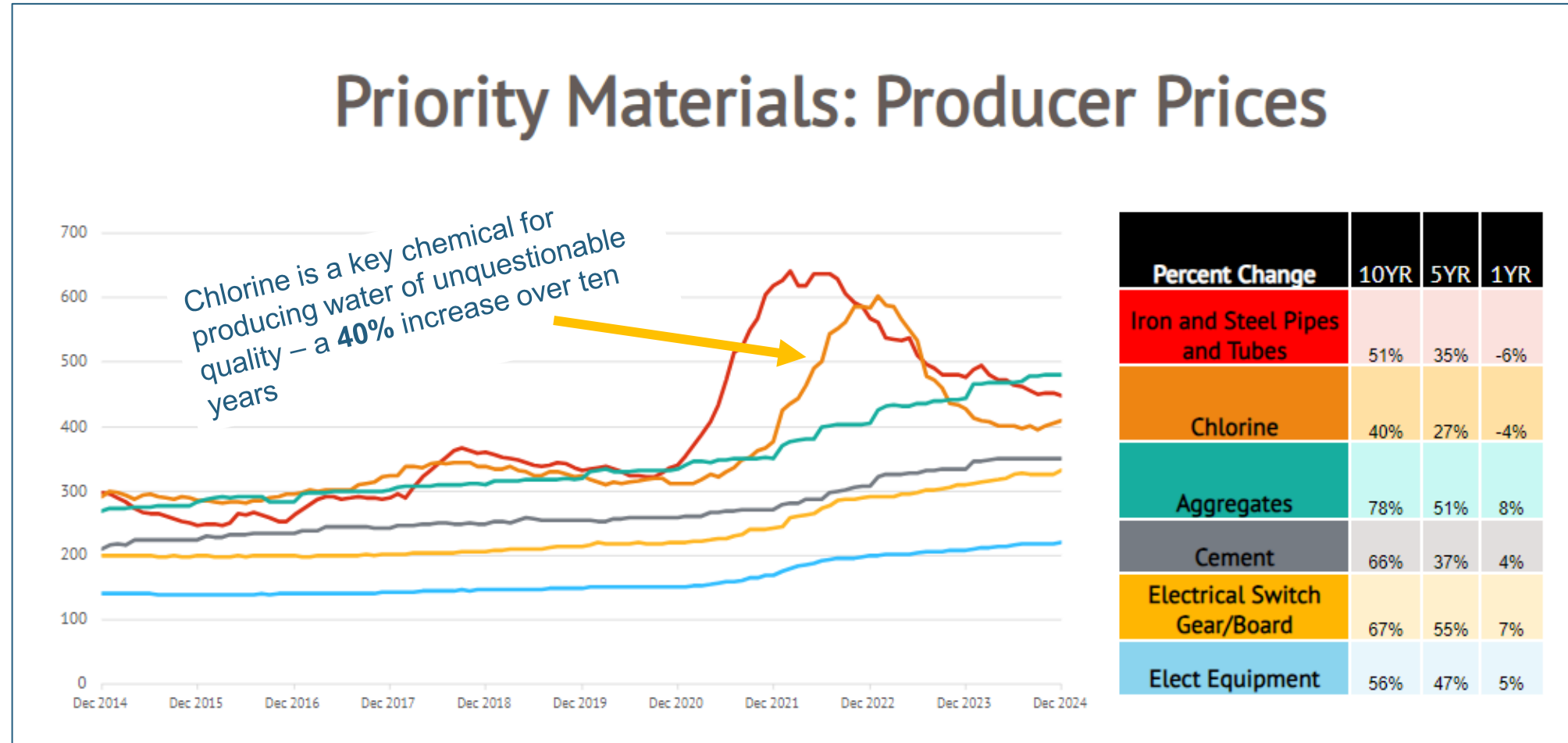
The 4% promise, ending with FY 2025, required that annual budget increase be no more than 4%.

Year	Water	Sewer
2018	1.8%	-0.7%
2019	1.8%	0.1%
2020	0.6%	0.8%
2021	3.2%	2.0%
2022	1.5%	-0.6%
2023	3.7%	2.4%
2024	2.75%	2.75%
2025	3.25%	3.0%
2026 Final Proposed	6.5%	4.5%
9-Year Average	2.8%	1.6%

Good intentions, but no one could have foreseen extreme economic impact of a worldwide pandemic.



Increases Slowing, But Impact is Long Lasting



Budget & Charges – Recent Updates

Significant decrease in proposed charge increase despite material increase in cost pressure – by smoothing out (lowering) economic impact over time.

Water System			
Key Metrics	January 6, 2025	February 17, 2025 - Before Increased Pension Contribution Notice	February 24, 2025 - Modified Proposal to Audit Committee / Board
Revenue Requirement (Budget) Increase	7.50%	6.75%	6.72%
Across the Board Adjustments (what <i>most</i> Member Partners will see)	7.38%	6.67%	6.24%
Average System Charges Adjustments (an average of all adjustments)	7.73%	6.96%	6.5%
Drivers of Change	See One-Pager	Move new money bond issue date from 4.1.2026 to 6.1.2026 to reduce interest expense (\$2.9 million)	Yearly bond issues result in a decrease in the size of the June FY 2026 bond issue-also reduced size of FY 2025 bond issue

Sewer System			
Key Metrics	January 6, 2025	February 17, 2025 - Before Increased Pension Contribution Notice	February 24, 2025 - Modified Proposal to Audit Committee / Board
Revenue Requirement (Budget) Increase	5.5%	4.63%	4.67%
Across the Board Adjustments (what <i>most</i> Member Partners will see)	5.34%	4.44%	4.3%
Average System Charges Adjustments (an average of all adjustments)	5.39%	4.5%	4.5%
Drivers of Change	See One-Pager	O&M Cost reductions of \$6M (including realignment of field services)	Yearly bond issues result in a decrease in the size of the June FY 2026 bond issue

Revised 1A - Water System Biennial Revenue Requirement

	FY 2024	FY 2025		FY 2026			FY 2027		
	Actual	Adopted Budget	Projected	Proposed Budget	Dollar Variance	Percent Variance	Proposed Budget	Dollar Variance	Percent Variance
Water System Revenue Requirement									
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$ 331,520,336	\$ 347,758,000	\$ 347,758,000	\$ 367,598,600	\$ 19,840,600	5.7%	\$ 390,821,100	\$ 23,222,500	6.3%
Local System Charges	25,537,200	27,094,800	27,094,800	30,310,800	3,216,000	11.9%	33,589,300	3,278,500	10.8%
Bad Debt Recovery Credit	(5,152,500)	-	-	-	-	0.0%	-	-	0.0%
Total Revenue from Charges	<u>351,905,036</u>	<u>374,852,800</u>	<u>374,852,800</u>	<u>397,909,400</u>	<u>23,056,600</u>	6.2%	<u>424,410,400</u>	<u>26,501,000</u>	6.7%
Investment Earnings									
Unrestricted	13,343,940	6,692,200	10,181,800	9,523,600	2,831,400	42.3%	9,612,200	88,600	0.9%
Restricted for Debt Service	4,992,455	3,182,100	3,289,100	3,260,100	78,000	2.5%	3,377,700	117,600	3.6%
Total Investment Earnings	18,336,395	9,874,300	13,470,900	12,783,700	2,909,400	29.5%	12,989,900	206,200	1.6%
Other Operating Revenue	901,919	400,000	400,000	302,400	(97,600)	-24.4%	300,000	(2,400)	-0.8%
Total Revenues	\$ 371,143,350	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 25,868,400	6.7%	\$ 437,700,300	\$ 26,704,800	6.5%
Revenue Requirements									
Operations & Maintenance Expense	\$ 161,037,183	\$ 169,625,000	\$ 174,625,000	\$ 182,456,000	\$ 12,831,000	7.6%	\$ 196,859,600	\$ 14,403,600	7.9%
Debt Service	160,622,417	175,300,800	163,163,400	179,082,200	3,781,400	2.2%	193,148,700	14,066,500	7.9%
General Retirement System Pension	1,505,500	2,283,300	1,653,300	2,730,800	447,500	19.6%	2,559,000	(171,800)	-6.3%
Water Residential Assistance Program Contribution	1,851,600	1,947,800	1,876,500	1,981,200	33,400	1.7%	2,113,000	131,800	6.7%
Extraordinary Repair & Replacement Deposit	2,836,000	-	906,400	320,000	320,000	100.0%	1,892,200	1,572,200	491.3%
Regional System Lease	22,500,000	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	6,200,000	12,700,000	600,000	(5,600,000)	-90.3%	1,800,000	1,200,000	200.0%
Improvement & Extension Fund Transfer Pending	15,767,900	7,270,200	11,299,100	21,325,300	14,055,100	193.3%	16,827,800	(4,497,500)	-21.1%
Annual Water System Revenue Requirements	\$ 366,120,600	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 25,868,400	6.7%	\$ 437,700,300	\$ 26,704,800	6.5%

Revised 1C - Sewer System Biennial Revenue Requirement

Sewer System Revenue Requirement	FY 2024	FY 2025		FY 2026			FY 2027		
	Actual	Adopted Budget	Projected	Proposed Budget	Dollar Variance	Percent Variance	Proposed Budget	Dollar Variance	Percent Variance
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$ 282,767,090	\$ 287,517,600	\$ 287,517,600	\$ 300,316,800	\$ 12,799,200	4.5%	\$ 314,897,300	\$ 14,580,500	4.9%
Local System Charges	196,569,600	205,924,800	205,924,800	215,324,400	9,399,600	4.6%	226,454,600	11,130,200	5.2%
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	431,000	4.9%	9,606,500	456,200	5.0%
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	(321,700)	-5.9%	5,367,600	254,900	5.0%
Bad Debt Recovery Credit	(15,556,900)	-	-	-	-	0.0%	-	-	0.0%
Total Revenue from Charges	476,485,804	507,596,100	507,596,100	529,904,200	22,308,100	4.4%	556,326,000	26,421,800	5.0%
Investment Earnings									
Unrestricted	16,344,105	10,494,500	10,807,600	10,538,800	44,300	0.4%	11,128,400	589,600	5.6%
Restricted for Debt Service	6,824,701	1,861,500	4,249,500	4,076,400	2,214,900	119.0%	4,300,500	224,100	5.5%
Total Investment Earnings	23,168,806	12,356,000	15,057,100	14,615,200	2,259,200	18.3%	15,428,900	813,700	5.6%
Other Operating Revenue	(827,846)	700,000	700,000	442,600	(257,400)	-36.8%	450,000	7,400	1.7%
Total Revenues	\$ 498,826,764	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 24,309,900	4.7%	\$ 572,204,900	\$ 27,242,900	5.0%
Revenue Requirements									
Operations & Maintenance Expense	\$222,673,733	\$228,934,000	\$231,434,000	\$236,098,700	\$7,164,700	3.1%	\$246,387,900	\$10,289,200	4.4%
Debt Service	229,316,502	226,279,400	218,750,700	220,884,500	(5,394,900)	-2.4%	241,502,900	20,618,400	9.3%
General Retirement System Pension	3,096,800	4,846,300	3,718,800	5,632,800	786,500	16.2%	5,246,300	(386,500)	-6.9%
Water Residential Assistance Program Contribution	2,503,104	2,651,700	2,541,500	2,638,500	(13,200)	-0.5%	2,770,000	131,500	5.0%
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	100.0%	-	-	NA
Regional System Lease	27,500,004	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	2,300,000	-	-	(2,300,000)	-100.0%	2,700,000	2,700,000	100.0%
Improvement & Extension Fund Transfer Pending	13,399,600	28,140,700	39,408,200	52,207,500	24,066,800	85.5%	46,097,800	(6,109,700)	-11.7%
Annual Sewer System Revenue Requirements	\$ 498,489,743	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 24,309,900	4.7%	\$ 572,204,900	\$ 27,242,900	5.0%

Water Updated Preliminary Ten-Year Forecast

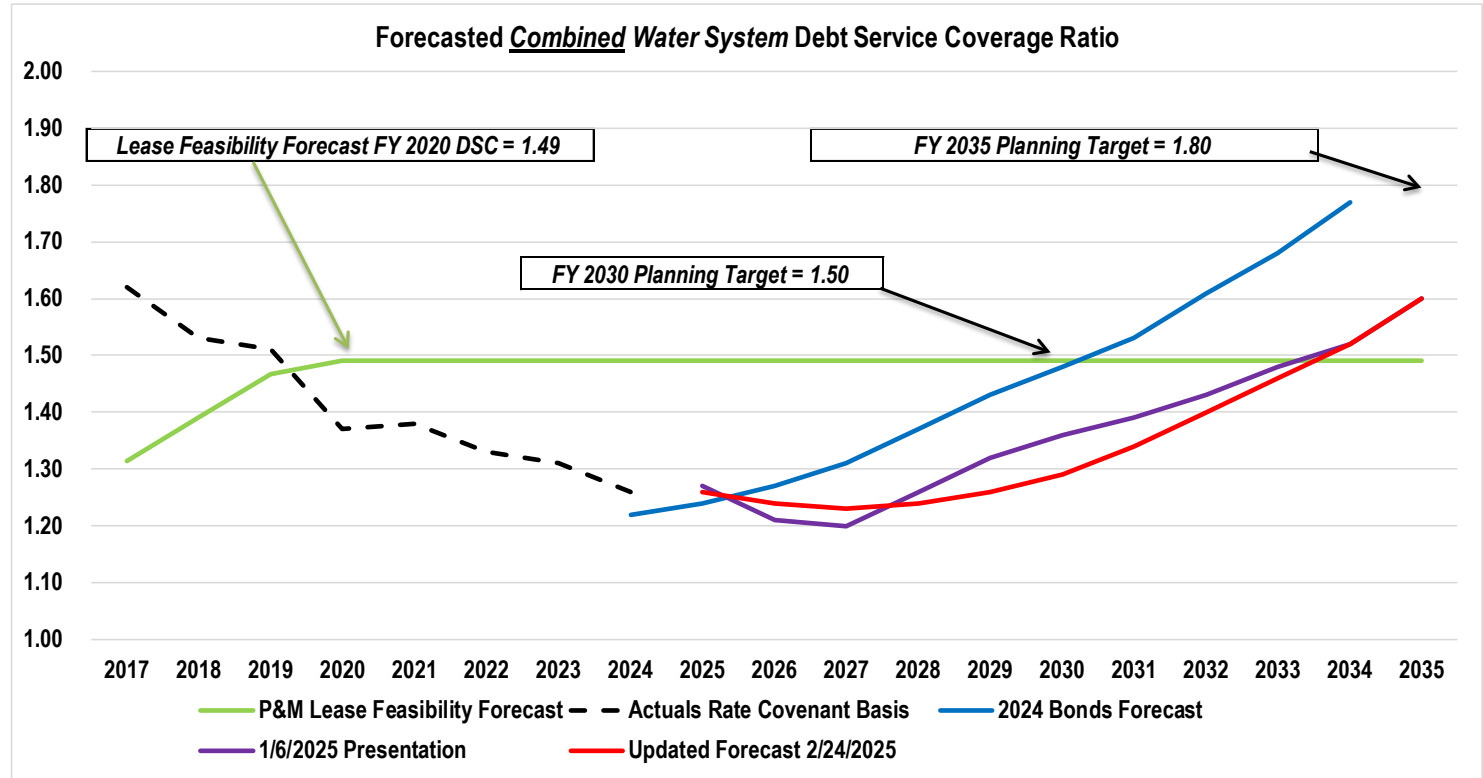
• The updated forecast smooths out the budget adjustment in future years.

• The change to yearly new money bonds results in decreased interest expense which allowed the decrease in the reduction of future budget adjustments and provides funds for increased paygo financing.

• Although not at our preferred target of a 1.80 DSC by FY 2035 it does result in a DSC of 1.60.

Chart includes DWSD financial data to compute the debt service coverage rating agencies look at when assigning credit ratings

The table below only includes GLWA data



Regional System Cumulative Avg Annual Budget Increase

If 4% Promise Was Fully Implemented	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Actual & Preliminary Updated Forecast	4.0%	1.5%	1.3%	1.6%	1.4%	1.3%	1.6%	1.9%	2.1%	2.6%	2.9%	3.2%	3.4%	3.6%	3.8%	3.9%	4.0%	4.1%	4.2%
Regional Actual Budget Adjustments	4.0%	-0.9%	1.0%	2.5%	0.6%	0.7%	3.5%	4.0%	4.0%										
Regional Forecasted Budget Adjustments										6.72%	6.50%	6.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.01%
Regional Actual Charges Adjustments	4.5%	1.8%	1.8%	0.6%	3.2%	1.5%	3.7%	2.8%	3.3%										
Regional Forecasted Charges Adjustments										6.50%	6.66%	6.40%	5.85%	7.14%	6.50%	5.97%	6.00%	6.19%	6.10%
Regional Actual/Forecasted Days Cash	959	1,066	1,058	1,086	1,043	632	573	640	585	562	522	513	524	538	582	615	550	531	579
Paygo Financing (millions)									\$ -	\$ 9	\$ 12	\$ 15	\$ 22	\$ 29	\$ 31	\$ 57	\$ 138	\$ 133	\$ 120
New Money Bonds needed (millions)									\$ 230	\$ 222	\$ 276	\$ 198	\$ 116	\$ 124	\$ 133	\$ 138	\$ 133	\$ 120	\$ 120
Capital Projects Spend Forecast (millions)									\$ 190	\$ 185	\$ 235	\$ 290	\$ 220	\$ 145	\$ 155	\$ 190	\$ 275	\$ 265	\$ 240

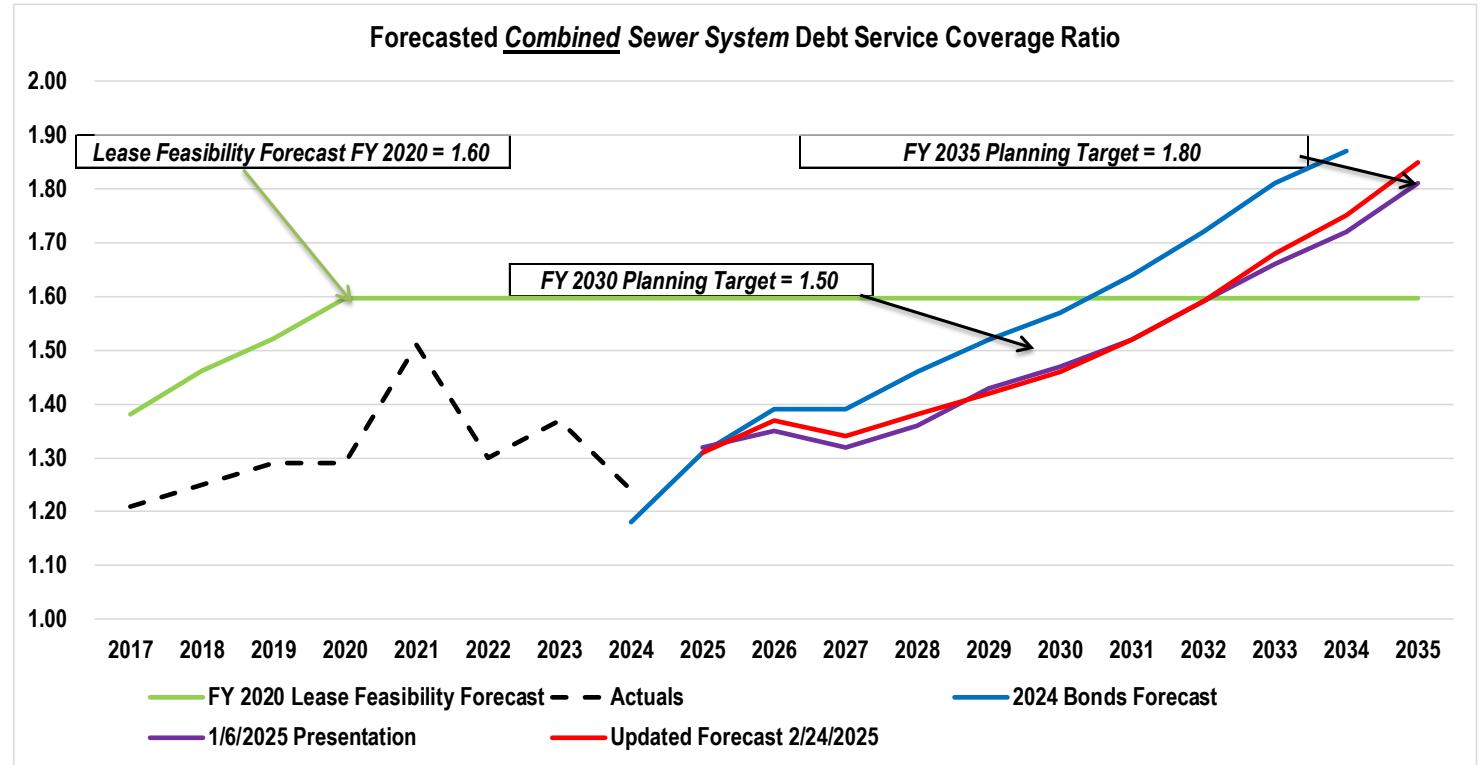


Sewer Updated Preliminary Ten-Year Forecast

- The updated forecast smooths out the budget adjustment in future years.
- The change to yearly new money bonds results in decreased interest expense which allowed the decrease in the reduction of future budget adjustments and provides funds for increased paygo financing.
- Reaches our target of a 1.80 DSC by FY 2035.

Chart includes DWSD financial data to compute the debt service coverage rating agencies look at when assigning credit ratings

The table below only includes GLWA data



Regional System Cumulative Avg Annual Budget Increase

If 4% Promise Was Fully Implemented	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Actual & Preliminary Updated Forecast	4.0%	2.1%	1.8%	1.9%	1.8%	1.1%	1.1%	1.5%	1.7%	2.0%	2.3%	2.5%	2.7%	2.9%	3.0%	3.1%	3.2%	3.2%	3.3%	3.3%
Regional Actual Budget Adjustments	4.0%	0.3%	1.0%	2.2%	1.3%	-2.3%	1.3%	4.0%	4.0%											
Regional Forecasted Budget Adjustments										4.67%	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Regional Actual Charges Adjustments	8.3%	-0.7%	0.1%	0.8%	2.0%	0.6%	2.4%	2.8%	3.0%											
Regional Forecasted Charges Adjustments										4.50%	4.99%	4.91%	4.99%	5.95%	4.88%	4.44%	4.44%	4.46%	4.51%	4.51%
Regional Actual/Forecasted Days Cash	495	432	495	593	664	574	521	571	532	544	520	477	488	516	561	606	645	664	668	668
Paygo Financing (millions)										\$ -	\$ 26	\$ 35	\$ 57	\$ 51	\$ 57	\$ 64	\$ 84	\$ 112	\$ 149	\$ 189
New Money Bonds needed (millions)										\$ 50	\$ 101	\$ 125	\$ 111	\$ 83	\$ 57	\$ 56	\$ 28	\$ 17	\$ 21	\$ 21
Capital Projects Spend Forecast (millions)										\$ 170	\$ 175	\$ 235	\$ 285	\$ 255	\$ 190	\$ 160	\$ 140	\$ 140	\$ 165	\$ 210



Why the Long-Term Lens is So Important

August 2022

120-inch Water Transmission
Main Break



November 2021

14 Mile Main Break



February 2025

54-inch Water
Transmission
Main in
Southwest
Detroit



August 2023

GLWA 96-inch Water Main
Relocation Project



The region's infrastructure is aging and, unfortunately, dependent on fees paid by the end consumer (not taxes and almost no grants)

Proactive options are available, but also costly - so progress is slower to keep charges lower

Historical Average System Charge Adjustments

- GLWA's charge adjustments through 2025 have lagged behind inflation.
- GLWA has had significant cost increases in utilities and chemicals since 2022.
- A tight labor market and regional economy resulted in increased personnel costs in 2024 and 2025 to attract and retain team members.
- The bond refunding transactions have significantly helped in keeping charges lower.
- Investment earnings offset increasing O&M expenses in 2023 and 2024. Charge increases will need to offset the reduction of investment income in 2026 due to changing market conditions.

Average System Charge Adjustments			Annual CPI Data	
Year	Water	Sewer	Year	CPI
2018	1.8%	-0.7%	2018	2.4%
2019	1.8%	0.1%	2019	1.8%
2020	0.6%	0.8%	2020	1.2%
2021	3.2%	2.0%	2021	4.7%
2022	1.5%	-0.6%	2022	8.0%
2023	3.7%	2.4%	2023	4.1%
2024	2.75%	2.75%	2024	2.9%
2025	3.25%	3.0%	Average	3.6%
2026 Final Proposed	6.5%	4.5%		
9-Year Average	2.8%	1.6%		

End of Public Hearing Presentation

The background of the slide features four tall, clear glasses arranged in a row. Water is being poured into each glass from above. The first glass on the left has a thin stream of water falling into it. The second glass has a thicker stream, creating a small splash and bubbles. The third glass is being filled more rapidly, with a large splash and many bubbles. The fourth glass on the right is already filled with water. A semi-transparent blue horizontal band is overlaid across the middle of the glasses, containing the text.

Board Discussion

Overview of Proposed FY 2026 & FY 2027 Biennial Budget and FY 2026 Charges



Review and Updated of Proposed Budget and Charges

Board Meeting
February 26, 2025

Report Order

- ◆ Updates Since January 6, 2025 Draft
- ◆ Trend Analysis - Past, Present, Future
 - ◆ Revenue Requirement Categories
 - ◆ O&M Categories
- ◆ Economic Outlook Task Force Report– Quarter ended December 2024
- ◆ Debt Management
 - ◆ Annual Review of Credit Metrics in Alignment with Long-Term Plan
- ◆ Other Key Charts, Analysis, & Commentary



Updates Since January 6, 2025 Budget & Charges Proposals

Alternative Budget / Charge Scenario

💧 Water System Charges

- 💧 Decrease **average system charge** from 7.73% to 6.50%
- 💧 Decrease **across the board charge adjustment** for most from 7.38% to 6.24%
- 💧 Decrease in total **revenue requirements** from 7.5% to 6.72%

💧 Sewer System Charges

- 💧 Decrease **average system charge** from 5.39% to 4.5%
- 💧 Decrease **across the board adjustment** for most from 5.34% to 4.3%
- 💧 Decrease in total **revenue requirements** from 5.5% to 4.67%

2.14.2025 Unexpected Pension Payment Increase

Proposed Revenues
One Percent is Equal to

Water System Charges Revenue	\$ 402,521,300	Sewer System Charges Revenue	\$ 534,422,400
	\$ 4,025,000		\$ 5,344,000
City General Retirement Pension Contribution Notice from 2.14.2025		1,984,000	
Amount Charge Equivalent	\$ 1,108,600		\$ 0.37%
			\$ 0.28%

FY 2026 Preliminary Update of Pension Payment **Budget Impact**

Proposed Budget Today: Preliminary Based on 6/30/2023 Actuarial (\$2.3 million contribution funded from administrative costs credit) **\$0**

TBD: Preliminary Update, 6/30/2024 as of 2.14.2025 (after utilizing full administrative costs credit to reduce material increase in liability) **\$ 4,399,100**

Pension Payment Allocation			
System/Fund	Water	Sewer	Total
GLWA	\$ 1,108,600	\$ 1,984,000	3,092,600
DWSD	783,000	523,500	1,306,500
Total	\$ 1,891,600	\$ 2,507,500	4,399,100

How Was This Accomplished?

💧 Water System

💧 Debt Service Assumptions-Reduction of Interest Expense

- 💧 Changed bond issue date from April 1st to June 1st for expected 2026 new money bonds resulting in 2 months less interest expense
- 💧 Reduced size of FY 2025 new money bond issue based on projected Capital Improvement Plan (CIP) spending for FY 2025
- 💧 Reduced size of FY 2026 new money bond issue with new debt strategy of annual debt issues rather than every other year

💧 GRS pension payment increased \$1.1 million based on recent actuarial report

💧 Investment earnings, WRAP, ER&R deposit, working capital requirement and I&E transfers are formula driven and changed as a result of the changes noted above

How Was This Accomplished?

💧 Sewer System

💧 Debt Service Assumptions-Reduction of Interest Expense

- 💧 Changed issue date from April 1st to June 1st for expected 2026 new money bonds resulting in 2 months less interest expense
- 💧 Reduced size of FY 2026 new money bond issue with new debt strategy of annual debt issues

💧 Cost Reductions and Realignment - Operations and maintenance cost reductions of \$6 million

💧 GRS pension payment increased \$1.5 million based on recent actuarial report

💧 Investment earnings, WRAP, ER&R deposit and I&E transfers are formula driven and changed as a result of the changes noted above

FY 2026 Water System Crosswalk

Water System Revenue Requirement	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/26/2025
Revenues			
Revenues from Charges			
Suburban Wholesale Customers	\$ 371,898,700	\$ (4,300,100)	\$ 367,598,600
Local System Charges	30,622,600	(311,800)	30,310,800
Bad Debt Recovery Credit	-	-	-
Total Revenue from Charges	402,521,300	(4,611,900)	397,909,400
Investment Earnings			
Unrestricted	7,884,400	1,639,200	9,523,600
Restricted for Debt Service	3,302,100	(42,000)	3,260,100
Total Investment Earnings	11,186,500	1,597,200	12,783,700
Other Operating Revenue	300,000	2,400	302,400
Total Revenues	\$ 414,007,800	\$ (3,012,300)	\$ 410,995,500
Revenue Requirements			
Operations & Maintenance Expense	\$ 182,456,000	\$ -	\$ 182,456,000
Debt Service	185,983,000	(6,900,800)	179,082,200
General Retirement System Pension	1,622,200	1,108,600	2,730,800
Water Residential Assistance Program Contribution	2,004,100	(22,900)	1,981,200
Extraordinary Repair & Replacement Deposit	1,244,500	(924,500)	320,000
Regional System Lease	22,500,000	-	22,500,000
Receiving Fund Working Capital Requirement	1,600,000	(1,000,000)	600,000
Improvement & Extension Fund Transfer Pending	16,598,000	4,727,300	21,325,300
Annual Water System Revenue Requirements	\$ 414,007,800	\$ (3,012,300)	\$ 410,995,500

Reduction in proposed System Charge Adjustment from 7.73% to 6.5%

Revenue from charges decreased from 7.4% to 6.2%

Formula driven based on other changes

Formula driven based on other changes

Charges rounding impact on other operating revenues

Change in Revenue Requirement Adjustment from 7.5% to 6.72%

Reduced size of FY 2025 & FY 2026 bond issues and delay issue by 2 months

Increase for GRS Actuarial Valuation

Reduction in WRAP deposit due to decrease in budgeted operating revenue

Change due to projected increase in required deposit in FY 2025

Change due to projected increase in requirement for FY 2025

Net change in above items falls to I&E line item

Charge Adjustment Calculations

Proforma Charge Revenue - Existing Charges	\$ 373,638,900		\$ 373,638,900
Revenues Required from Charges	402,521,300	\$ (4,611,900)	397,909,400
Charge Adjustment Required	28,882,400	(4,611,900)	24,270,500
System Charge Adjustment - %	7.73%	-1.23%	6.50%

FY 2026 Sewer System Crosswalk

Sewer System Revenue Requirement	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/26/2025	
Revenues				
Revenues from Charges				
Suburban Wholesale Customers	\$ 301,556,600	\$ (1,239,800)	\$ 300,316,800	Reduction in proposed System Charge Adjustment from 5.39% to 4.5%
Local System Charges	217,909,900	(2,585,500)	215,324,400	
Industrial Waste Control Charges	9,213,500	(63,200)	9,150,300	
Pollutant Surcharges	5,742,400	(629,700)	5,112,700	
Bad Debt Recovery Credit	-	-	-	
Total Revenue from Charges	534,422,400	(4,518,200)	529,904,200	Revenue from charges decreased from 5.3% to 4.4%
Investment Earnings				
Unrestricted	10,331,200	207,600	10,538,800	Formula driven based on other changes
Restricted for Debt Service	4,081,400	(5,000)	4,076,400	Formula driven based on other changes
Total Investment Earnings	14,412,600	202,600	14,615,200	
Other Operating Revenue	450,000	(7,400)	442,600	Charges rounding impact on other operating revenues
Total Revenues	\$ 549,285,000	\$ (4,323,000)	\$ 544,962,000	Change in Revenue Requirement Adjustment from 5.5% to 4.67%
Revenue Requirements				
Operations & Maintenance Expense	\$ 242,124,500	\$ (6,025,800)	\$ 236,098,700	Identified O&M Budget reductions
Debt Service	222,402,500	(1,518,000)	220,884,500	Reduced size of FY 2026 bond issue and delay issue by 2 months
General Retirement System Pension	3,648,800	1,984,000	5,632,800	Increase for GRS Actuarial Valuation
Water Residential Assistance Program Contribution	2,661,100	(22,600)	2,638,500	Reduction in WRAP deposit due to decrease in budgeted operating revenue
Extraordinary Repair & Replacement Deposit	364,900	(364,900)	-	Lower O&M Budget eliminates required ER&R deposit
Regional System Lease	27,500,000	-	27,500,000	
Receiving Fund Working Capital Requirement	-	-	-	
Improvement & Extension Fund Transfer Pending	50,583,200	1,624,300	52,207,500	Net change in above items falls to I&E line item
Annual Sewer System Revenue Requirements	\$ 549,285,000	\$ (4,323,000)	\$ 544,962,000	

Charge Adjustment Calculations

Proforma Charge Revenue - Existing Charges	\$ 507,090,300		\$ 507,090,300
Revenues Required from Charges	534,422,400	\$ (4,518,200)	529,904,200
Charge Adjustment Required	27,332,100	(4,518,200)	22,813,900
System Charge Adjustment - %	5.39%	-0.89%	4.50%

Revised 1A - Water System Biennial Revenue Requirement

	FY 2024	FY 2025		FY 2026			FY 2027		
	Actual	Adopted Budget	Projected	Proposed Budget	Dollar Variance	Percent Variance	Proposed Budget	Dollar Variance	Percent Variance
Water System Revenue Requirement									
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$ 331,520,336	\$ 347,758,000	\$ 347,758,000	\$ 367,598,600	\$ 19,840,600	5.7%	\$ 390,821,100	\$ 23,222,500	6.3%
Local System Charges	25,537,200	27,094,800	27,094,800	30,310,800	3,216,000	11.9%	33,589,300	3,278,500	10.8%
Bad Debt Recovery Credit	(5,152,500)	-	-	-	-	0.0%	-	-	0.0%
Total Revenue from Charges	<u>351,905,036</u>	<u>374,852,800</u>	<u>374,852,800</u>	<u>397,909,400</u>	<u>23,056,600</u>	6.2%	<u>424,410,400</u>	<u>26,501,000</u>	6.7%
Investment Earnings									
Unrestricted	13,343,940	6,692,200	10,181,800	9,523,600	2,831,400	42.3%	9,612,200	88,600	0.9%
Restricted for Debt Service	4,992,455	3,182,100	3,289,100	3,260,100	78,000	2.5%	3,377,700	117,600	3.6%
Total Investment Earnings	18,336,395	9,874,300	13,470,900	12,783,700	2,909,400	29.5%	12,989,900	206,200	1.6%
Other Operating Revenue	901,919	400,000	400,000	302,400	(97,600)	-24.4%	300,000	(2,400)	-0.8%
Total Revenues	\$ 371,143,350	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 25,868,400	6.7%	\$ 437,700,300	\$ 26,704,800	6.5%
Revenue Requirements									
Operations & Maintenance Expense	\$ 161,037,183	\$ 169,625,000	\$ 174,625,000	\$ 182,456,000	\$ 12,831,000	7.6%	\$ 196,859,600	\$ 14,403,600	7.9%
Debt Service	160,622,417	175,300,800	163,163,400	179,082,200	3,781,400	2.2%	193,148,700	14,066,500	7.9%
General Retirement System Pension	1,505,500	2,283,300	1,653,300	2,730,800	447,500	19.6%	2,559,000	(171,800)	-6.3%
Water Residential Assistance Program Contribution	1,851,600	1,947,800	1,876,500	1,981,200	33,400	1.7%	2,113,000	131,800	6.7%
Extraordinary Repair & Replacement Deposit	2,836,000	-	906,400	320,000	320,000	100.0%	1,892,200	1,572,200	491.3%
Regional System Lease	22,500,000	22,500,000	22,500,000	22,500,000	-	0.0%	22,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	6,200,000	12,700,000	600,000	(5,600,000)	-90.3%	1,800,000	1,200,000	200.0%
Improvement & Extension Fund Transfer Pending	15,767,900	7,270,200	11,299,100	21,325,300	14,055,100	193.3%	16,827,800	(4,497,500)	-21.1%
Annual Water System Revenue Requirements	\$ 366,120,600	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 25,868,400	6.7%	\$ 437,700,300	\$ 26,704,800	6.5%

Revised 1B - Water System Five Year Plan

Water System Revenue Requirement	Actual	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2024	FY 2025		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues								
Revenues from Charges								
Suburban Wholesale Customers	\$ 331,520,336	\$ 347,758,000	\$ 347,758,000	\$ 367,598,600	\$ 390,821,100	\$ 414,508,500	\$ 437,527,600	\$ 467,287,900
Local System Charges	25,537,200	27,094,800	27,094,800	30,310,800	33,589,300	37,063,800	40,440,200	44,805,400
Bad Debt Recovery Credit	(5,152,500)	-	-	-	-	-	-	-
Total Revenue from Charges	351,905,036	374,852,800	374,852,800	397,909,400	424,410,400	451,572,300	477,967,800	512,093,300
Investment Earnings								
Unrestricted	13,343,940	6,692,200	10,181,800	9,523,600	9,612,200	10,289,800	11,147,800	7,871,500
Restricted for Debt Service	4,992,455	3,182,100	3,289,100	3,260,100	3,377,700	3,976,000	4,673,800	3,479,100
Total Investment Earnings	18,336,395	9,874,300	13,470,900	12,783,700	12,989,900	14,265,800	15,821,600	11,350,600
Other Operating Revenue	901,919	400,000	400,000	302,400	300,000	300,000	300,000	300,000
Total Revenues	\$ 371,143,350	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 437,700,300	\$ 466,138,100	\$ 494,089,400	\$ 523,743,900
Revenue Requirements								
Operations & Maintenance Expense	\$ 161,037,183	\$ 169,625,000	\$ 174,625,000	\$ 182,456,000	\$ 196,859,600	\$ 202,024,500	\$ 203,633,700	\$ 207,982,700
Debt Service	160,622,417	175,300,800	163,163,400	179,082,200	193,148,700	210,663,600	224,262,200	235,964,900
General Retirement System Pension	1,505,500	2,283,300	1,653,300	2,730,800	2,559,000	2,415,300	2,384,200	2,353,100
Water Residential Assistance Program Contribution	1,851,600	1,947,800	1,876,500	1,981,200	2,113,000	2,248,100	2,379,400	2,549,200
Extraordinary Repair & Replacement Deposit	2,836,000	-	906,400	320,000	1,892,200	-	-	-
Regional System Lease	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000
Receiving Fund Working Capital Requirement	-	6,200,000	12,700,000	600,000	1,800,000	1,800,000	5,400,000	4,400,000
Improvement & Extension Fund Transfer Pending	15,767,900	7,270,200	11,299,100	21,325,300	16,827,800	24,486,600	33,529,900	47,994,000
Annual Water System Revenue Requirements	\$ 366,120,600	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 437,700,300	\$ 466,138,100	\$ 494,089,400	\$ 523,743,900
<i>Change in Annual Revenue Requirement</i>				6.72%	6.5%	6.5%	6.0%	6.0%

Revised 1C - Sewer System Biennial Revenue Requirement

Sewer System Revenue Requirement	FY 2024	FY 2025		FY 2026			FY 2027		
	Actual	Adopted Budget	Projected	Proposed Budget	Dollar Variance	Percent Variance	Proposed Budget	Dollar Variance	Percent Variance
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$ 282,767,090	\$ 287,517,600	\$ 287,517,600	\$ 300,316,800	\$ 12,799,200	4.5%	\$ 314,897,300	\$ 14,580,500	4.9%
Local System Charges	196,569,600	205,924,800	205,924,800	215,324,400	9,399,600	4.6%	226,454,600	11,130,200	5.2%
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	431,000	4.9%	9,606,500	456,200	5.0%
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	(321,700)	-5.9%	5,367,600	254,900	5.0%
Bad Debt Recovery Credit	(15,556,900)	-	-	-	-	0.0%	-	-	0.0%
Total Revenue from Charges	476,485,804	507,596,100	507,596,100	529,904,200	22,308,100	4.4%	556,326,000	26,421,800	5.0%
Investment Earnings									
Unrestricted	16,344,105	10,494,500	10,807,600	10,538,800	44,300	0.4%	11,128,400	589,600	5.6%
Restricted for Debt Service	6,824,701	1,861,500	4,249,500	4,076,400	2,214,900	119.0%	4,300,500	224,100	5.5%
Total Investment Earnings	23,168,806	12,356,000	15,057,100	14,615,200	2,259,200	18.3%	15,428,900	813,700	5.6%
Other Operating Revenue	(827,846)	700,000	700,000	442,600	(257,400)	-36.8%	450,000	7,400	1.7%
Total Revenues	\$ 498,826,764	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 24,309,900	4.7%	\$ 572,204,900	\$ 27,242,900	5.0%
Revenue Requirements									
Operations & Maintenance Expense	\$222,673,733	\$228,934,000	\$231,434,000	\$236,098,700	\$7,164,700	3.1%	\$246,387,900	\$10,289,200	4.4%
Debt Service	229,316,502	226,279,400	218,750,700	220,884,500	(5,394,900)	-2.4%	241,502,900	20,618,400	9.3%
General Retirement System Pension	3,096,800	4,846,300	3,718,800	5,632,800	786,500	16.2%	5,246,300	(386,500)	-6.9%
Water Residential Assistance Program Contribution	2,503,104	2,651,700	2,541,500	2,638,500	(13,200)	-0.5%	2,770,000	131,500	5.0%
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	100.0%	-	-	NA
Regional System Lease	27,500,004	27,500,000	27,500,000	27,500,000	-	0.0%	27,500,000	-	0.0%
Receiving Fund Working Capital Requirement	-	2,300,000	-	-	(2,300,000)	-100.0%	2,700,000	2,700,000	100.0%
Improvement & Extension Fund Transfer Pending	13,399,600	28,140,700	39,408,200	52,207,500	24,066,800	85.5%	46,097,800	(6,109,700)	-11.7%
Annual Sewer System Revenue Requirements	\$ 498,489,743	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 24,309,900	4.7%	\$ 572,204,900	\$ 27,242,900	5.0%

Revised 1D - Sewer System Five Year Plan

Sewer System Revenue Requirement	Actual	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2024	FY 2025		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues								
Revenues from Charges								
Suburban Wholesale Customers	\$ 282,767,090	\$ 287,517,600	\$ 287,517,600	\$ 300,316,800	\$ 314,897,300	\$ 330,099,300	\$ 346,298,500	\$ 366,565,200
Local System Charges	196,569,600	205,924,800	205,924,800	215,324,400	226,454,600	237,852,900	249,998,800	265,194,500
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	9,606,500	10,078,500	10,581,500	11,210,800
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	5,367,600	5,631,300	5,912,300	6,263,900
Bad Debt Recovery Credit	(15,556,900)	-	-	-	-	-	-	-
Total Revenue from Charges	476,485,804	507,596,100	507,596,100	529,904,200	556,326,000	583,662,000	612,791,100	649,234,400
Investment Earnings								
Unrestricted	16,344,105	10,494,500	10,807,600	10,538,800	11,128,400	11,868,400	12,195,400	8,760,200
Restricted for Debt Service	6,824,701	1,861,500	4,249,500	4,076,400	4,300,500	4,826,800	5,402,400	3,956,000
Total Investment Earnings	23,168,806	12,356,000	15,057,100	14,615,200	15,428,900	16,695,200	17,597,800	12,716,200
Other Operating Revenue	(827,846)	700,000	700,000	442,600	450,000	450,000	450,000	450,000
Total Revenues	\$ 498,826,764	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 572,204,900	\$ 600,807,200	\$ 630,838,900	\$ 662,400,600
Revenue Requirements								
Operations & Maintenance Expense	\$222,673,733	\$228,934,000	\$231,434,000	\$236,098,700	\$246,387,900	\$256,862,300	\$262,064,000	\$267,789,500
Debt Service	229,316,502	226,279,400	218,750,700	220,884,500	241,502,900	251,565,000	259,295,900	265,602,000
General Retirement System Pension	3,096,800	4,846,300	3,718,800	5,632,800	5,246,300	4,923,200	4,853,200	4,783,200
Water Residential Assistance Program Contribution	2,503,104	2,651,700	2,541,500	2,638,500	2,770,000	2,906,000	3,051,000	3,232,300
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	329,200	-	-
Regional System Lease	27,500,004	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000
Receiving Fund Working Capital Requirement	-	2,300,000	-	-	2,700,000	6,200,000	5,900,000	4,400,000
Improvement & Extension Fund Transfer Pending	13,399,600	28,140,700	39,408,200	52,207,500	46,097,800	50,521,500	68,174,800	89,093,600
Annual Water System Revenue Requirements	\$ 498,489,743	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 572,204,900	\$ 600,807,200	\$ 630,838,900	\$ 662,400,600
<i>Change in Annual Revenue Requirement</i>				4.67%	5.0%	5.0%	5.0%	5.0%

Revised 1E – Combined Water & Sewer Biennial Budget

Combined Water & Sewer System Revenue Requirement	FY 2024	FY 2025		FY 2026			FY 2027		
	Actual	Adopted Budget	Projected	Proposed Budget	Dollar Variance	Percent Variance	Proposed Budget	Dollar Variance	Percent Variance
Revenues									
Revenues from Charges									
Suburban Wholesale Customers	\$ 614,287,426	\$ 635,275,600	\$ 635,275,600	\$ 667,915,400	\$ 32,639,800	5.1%	\$ 705,718,400	\$ 37,803,000	5.7%
Local System Charges	222,106,800	233,019,600	233,019,600	245,635,200	12,615,600	5.4%	260,043,900	14,408,700	5.9%
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	431,000	4.9%	9,606,500	456,200	5.0%
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	(321,700)	-5.9%	5,367,600	254,900	5.0%
Bad Debt Recovery Credit	(20,709,400)	-	-	-	-	NA	-	-	NA
Total Revenue from Charges	<u>828,390,840</u>	<u>882,448,900</u>	<u>882,448,900</u>	<u>927,813,600</u>	<u>45,364,700</u>	5.1%	<u>980,736,400</u>	<u>52,922,800</u>	5.7%
Investment Earnings									
Unrestricted	29,688,045	17,186,700	20,989,400	20,062,400	2,875,700	16.7%	20,740,600	678,200	3.4%
Restricted for Debt Service	11,817,156	5,043,600	7,538,600	7,336,500	2,292,900	45.5%	7,678,200	341,700	4.7%
Total Investment Earnings	41,505,201	22,230,300	28,528,000	27,398,900	5,168,600	23.3%	28,418,800	1,019,900	3.7%
Other Operating Revenue	74,073	1,100,000	1,100,000	745,000	(355,000)	-32.3%	750,000	5,000	0.7%
Total Revenues	\$ 869,970,114	\$ 905,779,200	\$ 912,076,900	\$ 955,957,500	\$ 50,178,300	5.5%	\$ 1,009,905,200	\$ 53,947,700	5.6%
Revenue Requirements									
Operations & Maintenance Expense	\$383,710,916	\$398,559,000	\$406,059,000	\$418,554,700	\$19,995,700	5.0%	\$443,247,500	\$24,692,800	5.9%
Debt Service	389,938,919	401,580,200	381,914,100	399,966,700	(1,613,500)	-0.4%	434,651,600	34,684,900	8.7%
General Retirement System Pension	4,602,300	7,129,600	5,372,100	8,363,600	1,234,000	17.3%	7,805,300	(558,300)	-6.7%
Water Residential Assistance Program Contribution	4,354,704	4,599,500	4,418,000	4,619,700	20,200	0.4%	4,883,000	263,300	5.7%
Extraordinary Repair & Replacement Deposit	2,836,000	-	906,400	320,000	320,000	100.0%	1,892,200	1,572,200	491.3%
Regional System Lease	50,000,004	50,000,000	50,000,000	50,000,000	-	0.0%	50,000,000	-	0.0%
Receiving Fund Working Capital Requirement	-	8,500,000	12,700,000	600,000	(7,900,000)	-92.9%	4,500,000	3,900,000	650.0%
Improvement & Extension Fund Transfer Pending	29,167,500	35,410,900	50,707,300	73,532,800	38,121,900	107.7%	62,925,600	(10,607,200)	-14.4%
Annual Water & Sewer System Revenue Requirements	\$ 864,610,343	\$ 905,779,200	\$ 912,076,900	\$ 955,957,500	\$ 50,178,300	5.5%	\$ 1,009,905,200	\$ 53,947,700	5.6%

Revised 1F – Combined Water & Sewer Five Year Plan

Combined Water & Sewer System Revenue Requirement	Actual	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2024	FY 2025		FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues								
Revenues from Charges								
Suburban Wholesale Customers	\$ 614,287,426	\$ 635,275,600	\$ 635,275,600	\$ 667,915,400	\$ 705,718,400	\$ 744,607,800	\$ 783,826,100	\$ 833,853,100
Local System Charges	222,106,800	233,019,600	233,019,600	245,635,200	260,043,900	274,916,700	290,439,000	309,999,900
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	9,606,500	10,078,500	10,581,500	11,210,800
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	5,367,600	5,631,300	5,912,300	6,263,900
Bad Debt Recovery Credit	(20,709,400)	-	-	-	-	-	-	-
Total Revenue from Charges	828,390,840	882,448,900	882,448,900	927,813,600	980,736,400	1,035,234,300	1,090,758,900	1,161,327,700
Investment Earnings								
Unrestricted	29,688,045	17,186,700	20,989,400	20,062,400	20,740,600	22,158,200	23,343,200	16,631,700
Restricted for Debt Service	11,817,156	5,043,600	7,538,600	7,336,500	7,678,200	8,802,800	10,076,200	7,435,100
Total Investment Earnings	41,505,201	22,230,300	28,528,000	27,398,900	28,418,800	30,961,000	33,419,400	24,066,800
Other Operating Revenue	74,073	1,100,000	1,100,000	745,000	750,000	750,000	750,000	750,000
Total Revenues	\$ 869,970,114	\$ 905,779,200	\$ 912,076,900	\$ 955,957,500	\$ 1,009,905,200	\$ 1,066,945,300	\$ 1,124,928,300	\$ 1,186,144,500
Revenue Requirements								
Operations & Maintenance Expense	\$383,710,916	\$398,559,000	\$406,059,000	\$418,554,700	\$443,247,500	\$458,886,800	\$465,697,700	\$475,772,200
Debt Service	389,938,919	401,580,200	381,914,100	399,966,700	434,651,600	462,228,600	483,558,100	501,566,900
General Retirement System Pension	4,602,300	7,129,600	5,372,100	8,363,600	7,805,300	7,338,500	7,237,400	7,136,300
Water Residential Assistance Program Contribution	4,354,704	4,599,500	4,418,000	4,619,700	4,883,000	5,154,100	5,430,400	5,781,500
Extraordinary Repair & Replacement Deposit	2,836,000	-	906,400	320,000	1,892,200	329,200	-	-
Regional System Lease	50,000,004	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000	50,000,000
Receiving Fund Working Capital Requirement	-	8,500,000	12,700,000	600,000	4,500,000	8,000,000	11,300,000	8,800,000
Improvement & Extension Fund Transfer Pending	29,167,500	35,410,900	50,707,300	73,532,800	62,925,600	75,008,100	101,704,700	137,087,600
Annual Water & Sewer System Revenue Requirements	\$ 864,610,343	\$ 905,779,200	\$ 912,076,900	\$ 955,957,500	\$ 1,009,905,200	\$ 1,066,945,300	\$ 1,124,928,300	\$ 1,186,144,500
<i>Change in Annual Revenue Requirement</i>				5.5%	5.6%	5.6%	5.4%	5.4%

Revised 2A – Combined O&M Biennial Budget

Expense Category	FY 2024	FY 2025	FY 2026			FY 2027		
	Actual	Adopted Budget	Proposed	Dollar Variance	Percent Variance	Proposed	Dollar Variance	Percent Variance
2.1 Salaries & Wages	\$ 77,806,800	\$ 81,643,800	\$ 86,632,900	\$ 4,989,100	6.1%	\$ 91,804,300	\$ 5,171,400	6.0%
2.2 Workforce Development	1,949,200	2,105,000	3,746,800	1,641,800	78.0%	4,197,400	450,600	12.0%
2.3 Overtime	9,171,300	8,074,200	8,911,400	837,200	10.4%	8,983,500	72,100	0.8%
2.4 Employee Benefits	28,034,900	30,861,400	31,646,500	785,100	2.5%	33,911,300	2,264,800	7.2%
2.5 Transition Services	8,493,100	8,198,000	8,491,400	293,400	3.6%	8,529,100	37,700	0.4%
Total Personnel Costs	125,455,300	130,882,400	139,429,000	8,546,600	6.5%	147,425,600	7,996,600	5.7%
3.1 Electric	49,804,900	49,020,700	51,308,100	2,287,400	4.7%	52,621,700	1,313,600	2.6%
3.2 Gas	7,211,200	7,000,000	7,112,600	112,600	1.6%	7,153,100	40,500	0.6%
3.3 Sewage Service	2,336,500	2,980,100	2,455,300	(524,800)	-17.6%	2,472,400	17,100	0.7%
3.4 Water Service	12,586,100	11,601,700	12,202,800	601,100	5.2%	12,446,800	244,000	2.0%
Total Utility Costs	71,938,700	70,602,500	73,078,800	2,476,300	3.5%	74,694,000	1,615,200	2.2%
4.1 Chemicals	31,075,400	34,834,900	38,364,600	3,529,700	10.1%	38,565,800	201,200	0.5%
4.2 Supplies & Other	49,047,200	43,024,600	44,687,600	1,663,000	3.9%	45,734,400	1,046,800	2.3%
4.3 Contractual Services	113,854,400	114,508,700	120,208,200	5,699,500	5.0%	124,586,500	4,378,300	3.6%
5.1 Capital Program Allocation	(2,847,400)	(4,581,800)	(3,430,600)	1,151,200	-25.1%	(4,368,700)	(938,100)	27.3%
5.2 Shared Services	(2,280,400)	(2,279,500)	(2,309,100)	(29,600)	1.3%	(2,387,000)	(77,900)	3.4%
5.5 Intergovernmental Agreement	(2,532,300)	(638,200)	-	638,200	100.0%	-	-	0.0%
6.0 Capital Outlay	-	-	-	-	0.0%	-	-	0.0%
7.0 Unallocated Reserve	-	12,205,400	8,526,200	(3,679,200)	-30.1%	18,996,900	10,470,700	122.8%
Total Other Categories	186,316,900	197,074,100	206,046,900	8,972,800	4.6%	221,127,900	15,081,000	7.3%
Grand Total	\$ 383,710,900	\$ 398,559,000	\$ 418,554,700	\$ 19,995,700	5.0%	\$ 443,247,500	\$ 24,692,800	5.9%

Revised 2A – Combined O&M Five Year Plan

Expense Category	Actual	Adopted Budget	Proposed Budget		Projected		
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
2.1 Salaries & Wages	\$ 77,806,800	\$ 81,643,800	\$ 86,632,900	\$ 91,804,300	\$ 100,688,200	\$ 101,324,300	\$ 101,324,300
2.2 Workforce Development	1,949,200	2,105,000	3,746,800	4,197,400	4,216,500	4,216,500	4,216,500
2.3 Overtime	9,171,300	8,074,200	8,911,400	8,983,500	9,135,800	9,150,600	9,150,600
2.4 Employee Benefits	28,034,900	30,861,400	31,646,500	33,911,300	37,335,200	37,831,000	38,126,900
2.5 Transition Services	8,493,100	8,198,000	8,491,400	8,529,100	8,605,200	8,605,200	8,605,200
Total Personnel Costs	125,455,300	130,882,400	139,429,000	147,425,600	159,980,900	161,127,600	161,423,500
3.1 Electric	49,804,900	49,020,700	51,308,100	52,621,700	53,880,800	55,195,600	56,561,600
3.2 Gas	7,211,200	7,000,000	7,112,600	7,153,100	7,269,900	7,374,500	7,456,600
3.3 Sewage Service	2,336,500	2,980,100	2,455,300	2,472,400	2,489,700	2,507,200	2,525,300
3.4 Water Service	12,586,100	11,601,700	12,202,800	12,446,800	12,695,700	12,949,700	13,208,700
Total Utility Costs	71,938,700	70,602,500	73,078,800	74,694,000	76,336,100	78,027,000	79,752,200
4.1 Chemicals	31,075,400	34,834,900	38,364,600	38,565,800	38,847,500	38,975,400	39,112,100
4.2 Supplies & Other	49,047,200	43,024,600	44,687,600	45,734,400	45,929,000	44,985,000	45,655,100
4.3 Contractual Services	113,854,400	114,508,700	120,208,200	124,586,500	119,987,900	117,975,900	121,855,200
5.1 Capital Program Allocation	(2,847,400)	(4,581,800)	(3,430,600)	(4,368,700)	(4,170,900)	(4,294,100)	(4,351,600)
5.2 Shared Services	(2,280,400)	(2,279,500)	(2,309,100)	(2,387,000)	(2,450,400)	(2,534,100)	(2,609,300)
5.5 Intergovernmental Agreement	(2,532,300)	(638,200)	-	-	-	-	-
6.0 Capital Outlay	-	-	-	-	-	-	-
7.0 Unallocated Reserve	-	12,205,400	8,526,200	18,996,900	24,426,600	31,435,000	34,935,000
Total Other Categories	186,316,900	197,074,100	206,046,900	221,127,900	222,569,700	226,543,100	234,596,500
Grand Total	\$ 383,710,900	\$ 398,559,000	\$ 418,554,700	\$ 443,247,500	\$ 458,886,700	\$ 465,697,700	\$ 475,772,200
Operations & Maintenance Expense (Budget) Adjustment Percentage			5.0%	5.9%	9.6%	5.1%	3.7%

FY 2026 Water I&E Crosswalk

Water Improvement & Extension Fund	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/26/2025
Inflows			
Transfers in from Water Operations Fund			
Revenue Transfers	\$ 16,598,000	\$ 4,727,300	\$ 21,325,300
Investment Earnings	3,270,800	1,598,000	4,868,800
Total Inflows	19,868,800	6,325,300	26,194,100
Outflows			
Capital outlay	13,738,000	(2,046,600)	11,691,400
Transfers out to Water Operations Fund		-	-
Investment Earnings	3,270,800	1,598,000	4,868,800
Transfer out to Water Construction Fund		-	-
Revenue Financed Capital	9,250,000	-	9,250,000
Total Outflows	26,258,800	(448,600)	25,810,200
Net Inflow (Outflow) - Use of I&E Funds	\$ (6,390,000)	\$ 6,773,900	\$ 383,900

Increase based on modifications to other Revenue Requirements
Formula based on activity

Reduction based on budget review

Per the MBO all investment earnings are transferred to the receiving fund

Revised 5A – Water Improvement and Extension Fund

Water Improvement & Extension Fund	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inflows							
Transfers in from Water Operations Fund							
Revenue Transfers	\$ 7,270,200	\$ 11,299,100	\$ 21,325,300	\$ 16,827,800	\$ 24,486,600	\$ 33,529,900	\$ 47,994,000
Investment Earnings	938,700	5,482,800	4,868,800	4,688,900	4,907,300	5,293,800	3,710,500
Total Inflows	8,208,900	16,781,900	26,194,100	21,516,700	29,393,900	38,823,700	51,704,500
Outflows							
Capital outlay	10,527,800	10,527,800	11,691,400	8,039,100	9,537,800	8,743,300	8,764,100
Transfers out to Water Operations Fund							
Investment Earnings	938,700	5,482,800	4,868,800	4,688,900	4,907,300	5,293,800	3,710,500
Transfer out to Water Construction Fund							
Revenue Financed Capital	15,000,000	0	9,250,000	11,750,000	14,500,000	22,000,000	29,000,000
Total Outflows	26,466,500	16,010,600	25,810,200	24,478,000	28,945,100	36,037,100	41,474,600
Net Inflow (Outflow) - Use of I&E Funds	\$ (18,257,600)	771,300	383,900	(2,961,300)	448,800	2,786,600	10,229,900
Beginning Cash Available		146,991,800	147,763,100	148,147,000	145,185,700	145,634,500	148,421,100
Projected Ending Cash Available		\$ 147,763,100	\$ 148,147,000	\$ 145,185,700	\$ 145,634,500	\$ 148,421,100	\$ 158,651,000

Investment earnings are transferred to the water operating fund to offset pressure on charges. The largest expenses are a) capital outlay (generally for equipment needed outside of capital projects) and b) transfer to the water construction fund to support the capital improvement fund).

FY 2026 Sewer I&E Crosswalk

Sewer Improvement & Extension Fund	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/26/2025
Inflows			
Transfers in from Sewer Operations Fund			
Revenue Transfers	\$ 50,583,200	\$ 1,624,300	\$ 52,207,500
Investment Earnings	5,243,900	207,600	5,451,500
Total Inflows	55,827,100	1,831,900	57,659,000
Outflows			
Capital outlay	14,089,800	(2,310,300)	11,779,500
Transfers out to Sewer Operations Fund			
Investment Earnings	5,243,900	207,600	5,451,500
Transfer out to Sewer Construction Fund			
Revenue Financed Capital	8,750,000	17,500,000	26,250,000
Total Outflows	28,083,700	15,397,300	43,481,000
Net Inflow (Outflow) - Use of I&E Funds	\$ 27,743,400	\$ (13,565,400)	\$ 14,178,000

Increase based on modifications to other Revenue Requirements
Formula based on activity

Reduction based on budget review

Per the MBO all investment earnings are transferred to the receiving fund

Increased Paygo %

Revised 5B – Sewer Improvement and Extension Fund

Sewer Improvement & Extension Fund	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inflows							
Transfers in from Sewer Operations Fund							
Revenue Transfers	\$ 28,140,700	\$ 39,408,200	\$ 52,207,500	\$ 46,097,800	\$ 50,521,500	\$ 68,174,800	\$ 89,093,600
Investment Earnings	1,076,000	5,151,600	5,451,500	5,685,200	5,964,300	5,608,400	4,082,500
Total Inflows	29,216,700	44,559,800	57,659,000	51,783,000	56,485,800	73,783,200	93,176,100
Outflows							
Capital outlay	12,071,300	12,071,300	11,779,500	14,016,000	15,692,400	8,163,300	8,163,200
Transfers out to Sewer Operations Fund							
Investment Earnings	1,076,000	5,151,600	5,451,500	5,685,200	5,964,300	5,608,400	4,082,500
Transfer out to Sewer Construction Fund							
Revenue Financed Capital	5,500,000	0	26,250,000	35,250,000	57,000,000	51,000,000	57,000,000
Total Outflows	18,647,300	17,222,900	43,481,000	54,951,200	78,656,700	64,771,700	69,245,700
Net Inflow (Outflow) - Use of I&E Funds	\$ 10,569,400	27,336,900	14,178,000	(3,168,200)	(22,170,900)	9,011,500	23,930,400
Beginning Cash Available		138,112,000	165,448,900	179,626,900	176,458,700	154,287,800	163,299,300
Projected Ending Cash Available		\$ 165,448,900	\$ 179,626,900	\$ 176,458,700	\$ 154,287,800	\$ 163,299,300	\$ 187,229,700

Investment earnings are transferred to the sewer operating fund to offset pressure on charges. The largest expenses are a) capital outlay (generally for equipment needed outside of capital projects) and b) transfer to the sewer construction fund to support the capital improvement fund).

FY 2026 Water Construction Crosswalk

Water Construction Fund	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/26/2025
Inflows			
Transfers in from Water Improvement & Extension Fund			
Revenue Financed Capital	\$ 9,250,000	\$ -	\$ 9,250,000
Transfers in from Water Operations Fund			
Bond Proceeds	350,000,000	(128,000,000)	222,000,000
State Revolving Loans	18,358,800	(16,989,600)	1,369,200
Grants and Capital Contributions	2,300,000	-	2,300,000
Investment Earnings	14,087,800	(8,522,700)	5,565,100
Total Inflows	393,996,600	(153,512,300)	240,484,300
Outflows			
Capital Program	185,000,000	-	185,000,000
Transfers out to Water Operations Fund			
Bond Cost of Issuance	2,625,000	(960,000)	1,665,000
Total Outflows	187,625,000	(960,000)	186,665,000
Net Inflow (Outflow) - Use of Construction Funds	\$ 206,371,600	\$ (152,552,300)	\$ 53,819,300

Changed to annual bond issues
Updated based upon current Michigan Finance Authority SRF schedules and capital project spending

Formula based-most of change is due to change in bond issue date

Revised 5C – Water Construction Fund

Water Construction Fund	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inflows							
Transfers in from Water Improvement & Extension Fund							
Revenue Financed Capital	\$ 15,000,000	\$ -	\$ 9,250,000	\$ 11,750,000	\$ 14,500,000	\$ 22,000,000	\$ 29,000,000
Transfers in from Water Operations Fund							
Bond Proceeds	271,562,500	230,000,000	222,000,000	276,000,000	198,000,000	116,000,000	124,000,000
State Revolving Loans	30,800,000	61,643,600	1,369,200	-	-	-	-
Grants and Capital Contributions	-	2,137,743	2,300,000	2,000,000	-	-	-
Investment Earnings	7,953,300	3,251,800	5,565,100	6,412,200	7,710,200	6,863,100	3,861,500
Total Inflows	325,315,800	297,033,143	240,484,300	296,162,200	220,210,200	144,863,100	156,861,500
Outflows							
Capital Program	210,000,000	190,000,000	185,000,000	235,000,000	290,000,000	220,000,000	145,000,000
Transfers out to Water Operations Fund							
Bond Cost of Issuance	-	1,725,000	1,665,000	2,070,000	1,485,000	870,000	930,000
Total Outflows	210,000,000	191,725,000	186,665,000	237,070,000	291,485,000	220,870,000	145,930,000
Net Inflow (Outflow) - Use of Construction Funds	\$ 115,315,800	105,308,143	53,819,300	59,092,200	(71,274,800)	(76,006,900)	10,931,500
Beginning Cash Available		131,266,700	236,574,843	290,394,143	349,486,343	278,211,543	202,204,643
Projected Ending Cash Available		\$ 236,574,843	\$ 290,394,143	\$ 349,486,343	\$ 278,211,543	\$ 202,204,643	\$ 213,136,143

FY 2026 Sewer Construction Crosswalk

Sewer Construction Fund	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/26/2025	
Inflows				
Transfers in from Sewer Improvement & Extension Fund				
Revenue Financed Capital	\$ 8,750,000	\$ 17,500,000	\$ 26,250,000	Increased Paygo %
Transfers in from Sewer Operations Fund				
Bond Proceeds	150,000,000	(49,000,000)	101,000,000	Changed to annual bond issues
State Revolving Loans	66,931,100	(13,994,500)	52,936,600	Updated based upon current Michigan Finance Authority SRF schedules and capital project spending
Grants and Capital Contributions	21,676,000	1,515,650	23,191,650	Updated based upon current activity
Investment Earnings	6,319,700	(2,383,300)	3,936,400	Formula based-most of change is due to change in bond issue date
Total Inflows	253,676,800	(46,362,150)	207,314,650	
Outflows				
Capital Program	175,000,000	-	175,000,000	
Transfers out to Sewer Operations Fund				
Bond Cost of Issuance	1,125,000	(367,500)	757,500	Formula based
Total Outflows	176,125,000	(367,500)	175,757,500	
Net Inflow (Outflow) - Use of Construction Funds	\$ 77,551,800	\$ (45,994,650)	\$ 31,557,150	

Revised 5D – Sewer Construction Fund

Sewer Construction Fund	Adopted Budget	Projected	Proposed Budget		Projected		
	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inflows							
Transfers in from Sewer Improvement & Extension Fund							
Revenue Financed Capital	\$ 5,500,000	\$ -	\$ 26,250,000	\$ 35,250,000	\$ 57,000,000	\$ 51,000,000	\$ 57,000,000
Transfers in from Sewer Operations Fund							
Bond Proceeds	-	50,000,000	101,000,000	125,000,000	111,000,000	83,000,000	57,000,000
State Revolving Loans	96,852,000	69,374,100	52,936,600	99,745,500	103,800,000	93,684,600	50,700,000
Grants and Capital Contributions	-	20,918,938	23,191,650	-	-	-	-
Investment Earnings	2,359,000	5,098,500	3,936,400	4,409,400	5,223,100	5,465,100	3,493,300
Total Inflows	104,711,000	145,391,538	207,314,650	264,404,900	277,023,100	233,149,700	168,193,300
Outflows							
Capital Program	170,000,000	170,000,000	175,000,000	235,000,000	285,000,000	255,000,000	190,000,000
Transfers out to Sewer Operations Fund							
Bond Cost of Issuance	-	375,000	757,500	937,500	832,500	622,500	427,500
Total Outflows	170,000,000	170,375,000	175,757,500	235,937,500	285,832,500	255,622,500	190,427,500
Net Inflow (Outflow) - Use of Construction Funds	\$ (65,289,000)	(24,983,462)	31,557,150	28,467,400	(8,809,400)	(22,472,800)	(22,234,200)
Beginning Cash Available		172,408,100	147,424,638	178,981,788	207,449,188	198,639,788	176,166,988
Projected Ending Cash Available		\$ 147,424,638	\$ 178,981,788	\$ 207,449,188	\$ 198,639,788	\$ 176,166,988	\$ 153,932,788

Water Updated Preliminary Ten-Year Forecast

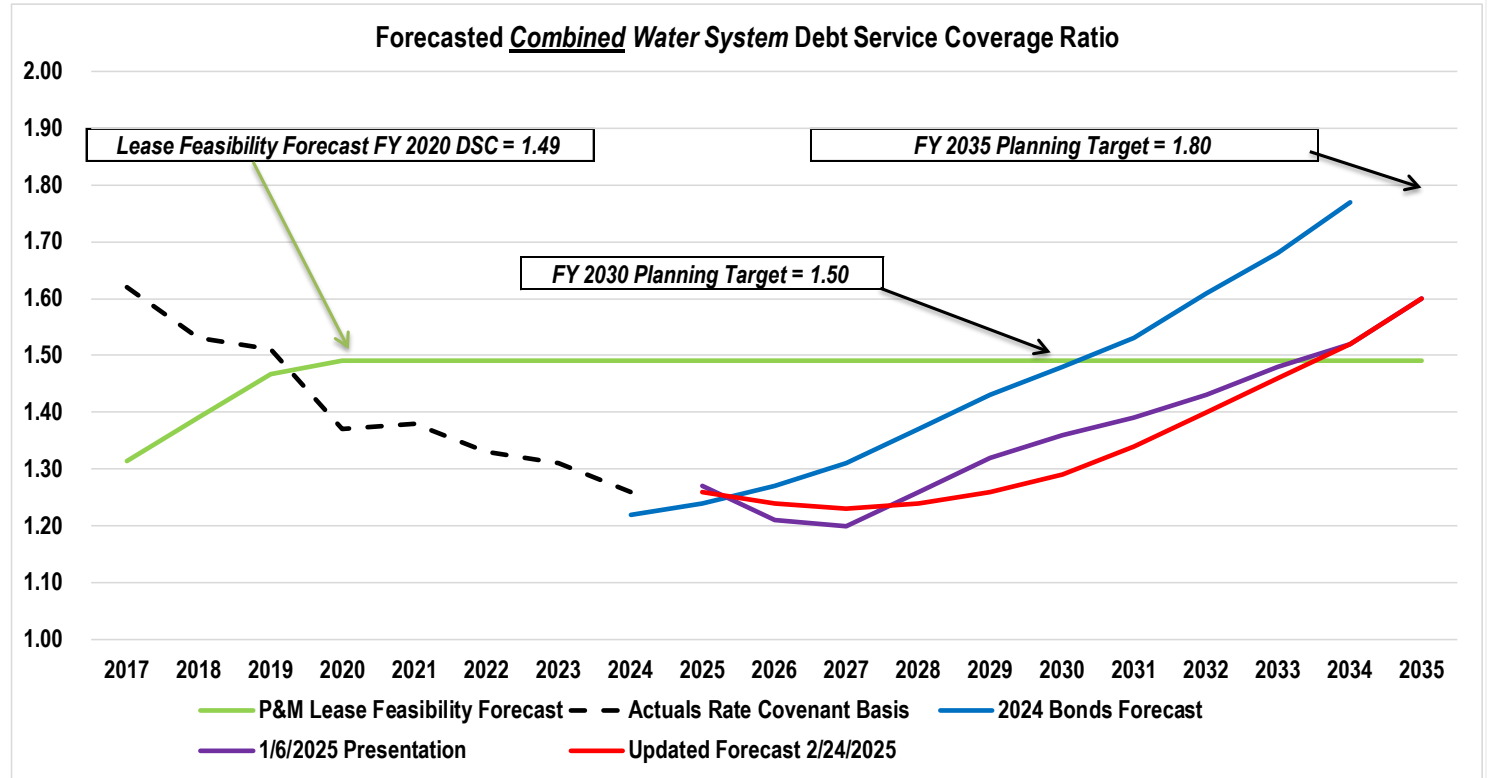
• The updated forecast smooths out the budget adjustment in future years.

• The change to yearly new money bonds results in decreased interest expense which allowed the decrease in the reduction of future budget adjustments and provides funds for increased paygo financing.

• Although not at our preferred target of a 1.80 DSC by FY 2035 it does result in a DSC of 1.60.

Chart includes DWSD financial data to compute the debt service coverage rating agencies look at when assigning credit ratings

The table below only includes GLWA data



Regional System Cumulative Avg Annual Budget Increase

If 4% Promise Was Fully Implemented	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Actual & Preliminary Updated Forecast	4.0%	1.5%	1.3%	1.6%	1.4%	1.3%	1.6%	1.9%	2.1%	2.6%	2.9%	3.2%	3.4%	3.6%	3.8%	3.9%	4.0%	4.1%	4.2%
Regional Actual Budget Adjustments	4.0%	-0.9%	1.0%	2.5%	0.6%	0.7%	3.5%	4.0%	4.0%										
Regional Forecasted Budget Adjustments										6.72%	6.50%	6.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.01%
Regional Actual Charges Adjustments	4.5%	1.8%	1.8%	0.6%	3.2%	1.5%	3.7%	2.8%	3.3%										
Regional Forecasted Charges Adjustments										6.50%	6.66%	6.40%	5.85%	7.14%	6.50%	5.97%	6.00%	6.19%	6.10%
Regional Actual/Forecasted Days Cash	959	1,066	1,058	1,086	1,043	632	573	640	585	562	522	513	524	538	582	615	550	531	579
Paygo Financing (millions)									\$ -	\$ 9	\$ 12	\$ 15	\$ 22	\$ 29	\$ 31	\$ 57	\$ 138	\$ 133	\$ 120
New Money Bonds needed (millions)									\$ 230	\$ 222	\$ 276	\$ 198	\$ 116	\$ 124	\$ 133	\$ 138	\$ 133	\$ 120	\$ 120
Capital Projects Spend Forecast (millions)									\$ 190	\$ 185	\$ 235	\$ 290	\$ 220	\$ 145	\$ 155	\$ 190	\$ 275	\$ 265	\$ 240



Water Updated Preliminary Ten-Year Forecast

GLWA Regional Water System

	Adopted 2025	Forecasted										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues												
Revenue from Charges												
1 Wholesale Charges	\$ 347,758,000	\$ 347,758,000	\$ 367,598,600	\$ 390,821,100	\$ 414,508,500	\$ 437,527,600	\$ 467,287,900	\$ 496,308,800	\$ 524,701,400	\$ 554,926,300	\$ 588,017,100	\$ 622,631,700
2 Local System Charges	27,094,800	27,094,800	30,310,800	33,589,300	37,063,800	40,440,200	44,805,400	49,062,200	53,226,800	57,660,200	62,513,900	67,591,200
3 Total Revenue from Water Charges	374,852,800	374,852,800	397,909,400	424,410,400	451,572,300	477,967,800	512,093,300	545,371,000	577,928,200	612,586,500	650,531,000	690,222,900
Investment Earnings												
4 Unrestricted	6,692,200	10,181,800	9,523,600	9,612,200	10,289,800	11,147,800	7,871,500	6,589,900	7,222,300	7,748,400	7,102,700	7,000,600
5 Restricted	3,182,100	3,289,100	3,260,100	3,377,700	3,976,000	4,673,800	3,479,100	2,929,900	3,074,300	3,225,000	3,388,500	3,513,600
6 Total Investment Earnings	9,874,300	13,470,900	12,783,700	12,989,900	14,265,800	15,821,600	11,350,600	9,519,800	10,296,600	10,973,400	10,491,200	10,514,200
7 Other Operating Revenue	400,000	400,000	302,400	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
8 Total Revenues	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 437,700,300	\$ 466,138,100	\$ 494,089,400	\$ 523,743,900	\$ 555,190,800	\$ 588,524,800	\$ 623,859,900	\$ 661,322,200	\$ 701,037,100
Revenue Requirements												
9 Operations & Maintenance Expense	\$ 169,625,000	\$ 174,625,000	\$ 182,456,000	\$ 196,859,600	\$ 202,024,500	\$ 203,633,700	\$ 207,982,700	\$ 212,142,400	\$ 216,385,200	\$ 220,712,900	\$ 225,127,200	\$ 229,629,700
10 Debt Service - Regional System	175,300,800	163,163,400	179,082,200	193,148,700	210,663,600	224,262,200	235,964,900	243,948,900	252,053,900	260,815,900	271,353,600	276,299,100
11 General Retirement System Pension	2,283,300	1,653,300	2,730,800	2,559,000	2,415,300	2,384,200	2,353,100	2,322,000	2,290,900	2,259,700	2,228,600	2,353,100
Water Residential Assistance												
12 Program Contribution	1,947,800	1,876,500	1,981,200	2,113,000	2,248,100	2,379,400	2,549,200	2,714,800	2,876,800	3,049,200	3,238,000	3,435,400
Extraordinary Repair &												
13 Replacement Deposit	0	906,400	320,000	1,892,200	0	0	0	0	0	0	0	0
14 Regional System Lease	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000
15 Working Capital Requirement	6,200,000	12,700,000	600,000	1,800,000	1,800,000	5,400,000	4,400,000	3,400,000	3,600,000	3,600,000	3,900,000	3,200,000
Improvement & Extension Fund												
16 Transfer Pending	7,270,200	11,299,100	21,325,300	16,827,800	24,486,600	33,529,900	47,994,000	68,162,700	88,818,000	110,922,200	132,974,800	163,619,800
17 Total Revenue Requirements	\$ 385,127,100	\$ 388,723,700	\$ 410,995,500	\$ 437,700,300	\$ 466,138,100	\$ 494,089,400	\$ 523,743,900	\$ 555,190,800	\$ 588,524,800	\$ 623,859,900	\$ 661,322,200	\$ 701,037,100
Debt Service Coverage Projections - Rate Covenant Basis (Regional Water System)												
18 All Bonds, including SRF	1.23	1.31	1.28	1.25	1.25	1.30	1.34	1.41	1.48	1.55	1.61	1.71

Sewer Updated Preliminary Ten-Year Forecast

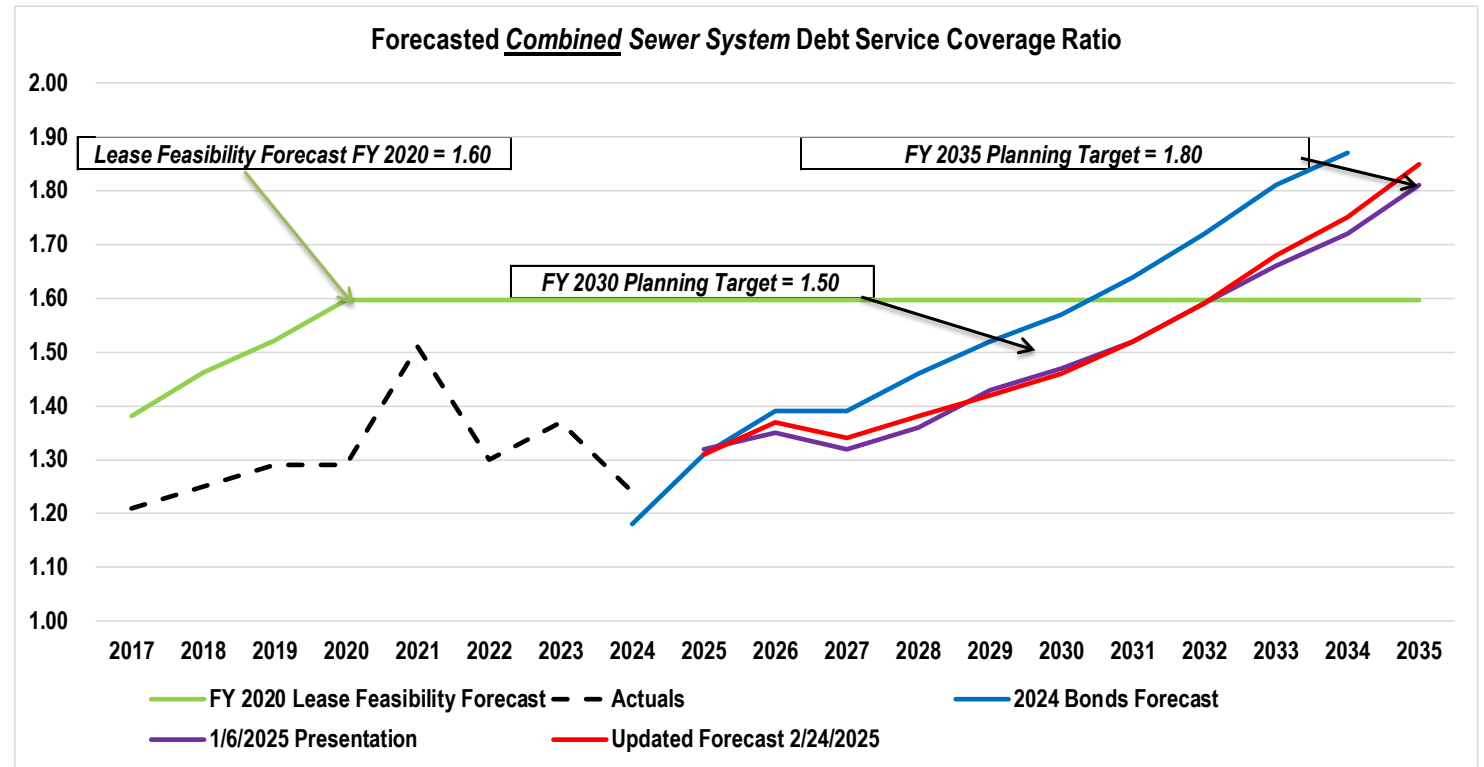
• The updated forecast smooths out the budget adjustment in future years.

• The change to yearly new money bonds results in decreased interest expense which allowed the decrease in the reduction of future budget adjustments and provides funds for increased paygo financing.

• Reaches our target of a 1.80 DSC by FY 2035.

Chart includes DWSD financial data to compute the debt service coverage rating agencies look at when assigning credit ratings

The table below only includes GLWA data



Regional System Cumulative Avg Annual Budget Increase

If 4% Promise Was Fully Implemented	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Actual & Preliminary Updated Forecast	4.0%	2.1%	1.8%	1.9%	1.8%	1.1%	1.1%	1.5%	1.7%	2.0%	2.3%	2.5%	2.7%	2.9%	3.0%	3.1%	3.2%	3.2%	3.3%	3.3%
Regional Actual Budget Adjustments	4.0%	0.3%	1.0%	2.2%	1.3%	-2.3%	1.3%	4.0%	4.0%											
Regional Forecasted Budget Adjustments										4.67%	5.00%	5.00%	5.00%	5.00%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Regional Actual Charges Adjustments	8.3%	-0.7%	0.1%	0.8%	2.0%	0.6%	2.4%	2.8%	3.0%											
Regional Forecasted Charges Adjustments										4.50%	4.99%	4.91%	4.99%	5.95%	4.88%	4.44%	4.44%	4.46%	4.51%	4.51%
Regional Actual/Forecasted Days Cash	495	432	495	593	664	574	521	571	532	544	520	477	488	516	561	606	645	664	668	668
Paygo Financing (millions)									\$ -	\$ 26	\$ 35	\$ 57	\$ 51	\$ 57	\$ 64	\$ 84	\$ 112	\$ 149	\$ 189	\$ 189
New Money Bonds needed (millions)									\$ 50	\$ 101	\$ 125	\$ 111	\$ 83	\$ 57	\$ 56	\$ 28	\$ 17	\$ 21	\$ 21	\$ 21
Capital Projects Spend Forecast (millions)									\$ 170	\$ 175	\$ 235	\$ 285	\$ 255	\$ 190	\$ 160	\$ 140	\$ 140	\$ 165	\$ 210	\$ 210



Sewer Updated Preliminary Ten-Year Forecast

GLWA Regional Sewer System

	Adopted 2025	Forecasted										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues												
Revenue from charges												
1 Wholesale Charges	\$ 287,517,600	\$ 287,517,600	\$ 300,316,800	\$ 314,897,300	\$ 330,099,300	\$ 346,298,500	\$ 366,565,200	\$ 384,171,200	\$ 400,992,100	\$ 418,570,600	\$ 436,979,000	\$ 456,423,200
2 Local System Charges	205,924,800	205,924,800	215,324,400	226,454,600	237,852,900	249,998,800	265,194,500	278,395,300	291,007,400	304,187,600	317,990,100	332,569,100
3 Industrial Waste Charges	8,719,300	8,719,300	9,150,300	9,606,500	10,078,500	10,581,500	11,210,800	11,757,500	12,279,800	12,825,600	13,397,200	14,001,000
4 Pollutant Surcharges	5,434,400	5,434,400	5,112,700	5,367,600	5,631,300	5,912,300	6,263,900	6,569,400	6,861,200	7,166,200	7,485,600	7,822,900
Total Revenue from Sewer Charges	507,596,100	507,596,100	529,904,200	556,326,000	583,662,000	612,791,100	649,234,400	680,893,400	711,140,500	742,750,000	775,851,900	810,816,200
Investment Earnings												
6 Unrestricted	10,494,500	10,807,600	10,538,800	11,128,400	11,868,400	12,195,400	8,760,200	7,574,800	8,394,400	9,254,300	10,047,900	10,553,700
7 Restricted	1,861,500	4,249,500	4,076,400	4,300,500	4,826,800	5,402,400	3,956,000	3,323,000	3,439,000	3,554,700	3,710,200	3,824,800
8 Total Investment Earnings	12,356,000	15,057,100	14,615,200	15,428,900	16,695,200	17,597,800	12,716,200	10,897,800	11,833,400	12,809,000	13,758,100	14,378,500
6 Other Operating Revenue	700,000	700,000	442,600	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000	450,000
9 Total Revenues	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 572,204,900	\$ 600,807,200	\$ 630,838,900	\$ 662,400,600	\$ 692,241,200	\$ 723,423,900	\$ 756,009,000	\$ 790,060,000	\$ 825,644,700
Revenue Requirements												
10 Operations & Maintenance Expense	\$ 228,934,000	\$ 231,434,000	\$ 236,098,700	\$ 246,387,900	\$ 256,862,300	\$ 262,064,000	\$ 267,789,500	\$ 273,145,300	\$ 278,608,200	\$ 284,180,400	\$ 289,864,000	\$ 295,661,300
11 Debt Service - Regional System	226,279,400	218,750,700	220,884,500	241,502,900	251,565,000	259,295,900	265,602,000	270,181,800	273,650,300	275,708,200	281,707,300	282,372,600
12 General Retirement System Pension	4,846,300	3,718,800	5,632,800	5,246,300	4,923,200	4,853,200	4,783,200	4,713,300	4,643,300	4,573,300	4,503,300	4,783,200
Water Residential Assistance												
13 Program Contribution	2,651,700	2,541,500	2,638,500	2,770,000	2,906,000	3,051,000	3,232,300	3,389,800	3,540,300	3,697,500	3,862,200	4,036,200
Extraordinary Repair & Replacement Deposit	0	0	0	0	329,200	0	0	0	0	0	658,700	0
15 Regional System Lease	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000	27,500,000
16 Working Capital Requirement	2,300,000	0	0	2,700,000	6,200,000	5,900,000	4,400,000	3,500,000	3,600,000	3,200,000	4,100,000	3,200,000
Improvement & Extension Fund												
17 Transfer Pending	28,140,700	39,408,200	52,207,500	46,097,800	50,521,500	68,174,800	89,093,600	109,811,000	131,881,800	157,149,600	177,864,500	208,091,400
18 Total Revenue Requirements	\$ 520,652,100	\$ 523,353,200	\$ 544,962,000	\$ 572,204,900	\$ 600,807,200	\$ 630,838,900	\$ 662,400,600	\$ 692,241,200	\$ 723,423,900	\$ 756,009,000	\$ 790,060,000	\$ 825,644,700
Debt Service Coverage Projections - Rate Covenant Basis (Regional Sewer System)												
19 All Bonds, including SRF	1.29	1.33	1.40	1.35	1.37	1.42	1.49	1.55	1.63	1.71	1.78	1.88

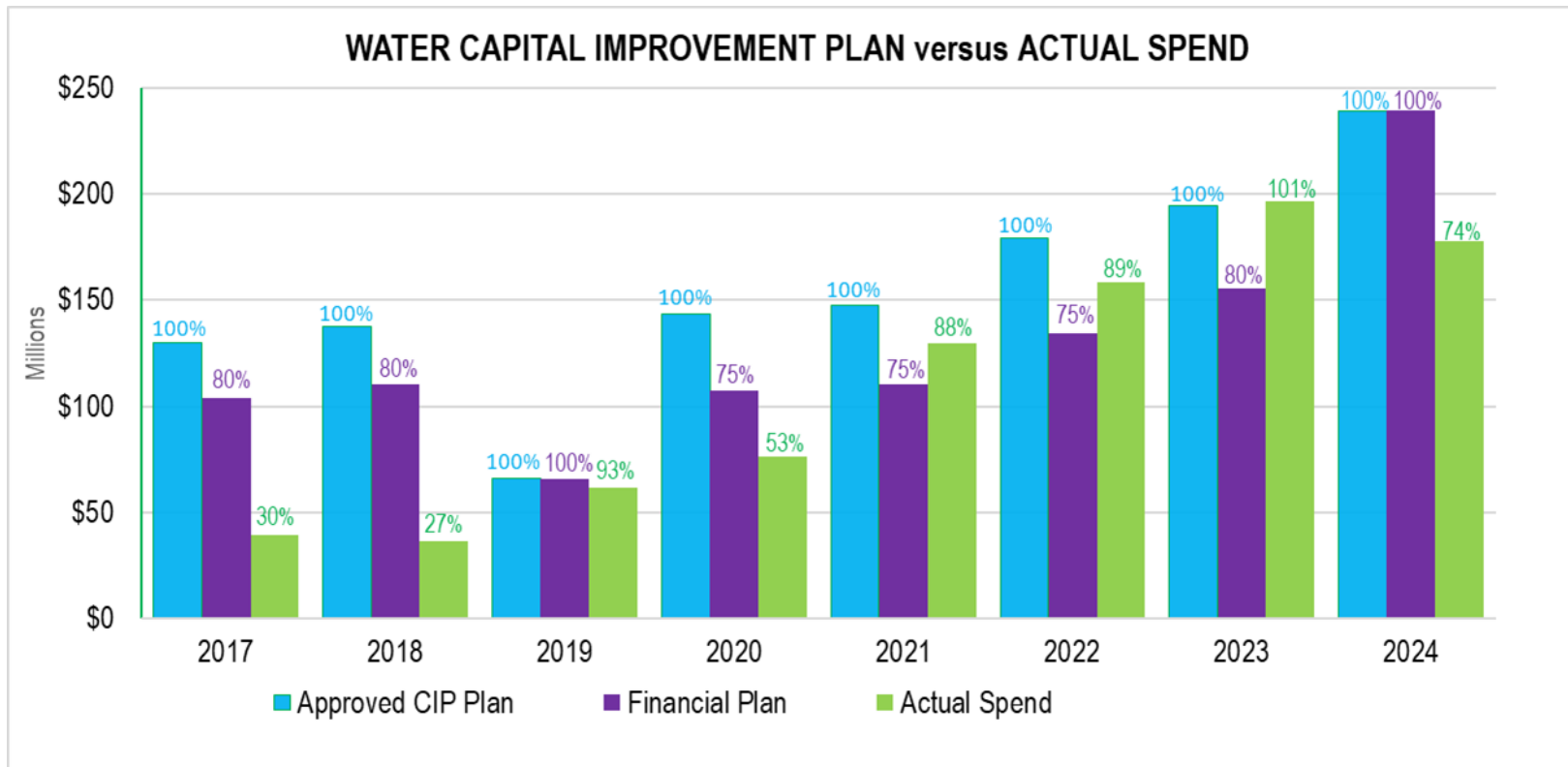




GLWA
Great Lakes Water Authority

Debt Management

CIP DELIVERY: CIP PLAN PAST PERFORMANCE HIGHLIGHTS

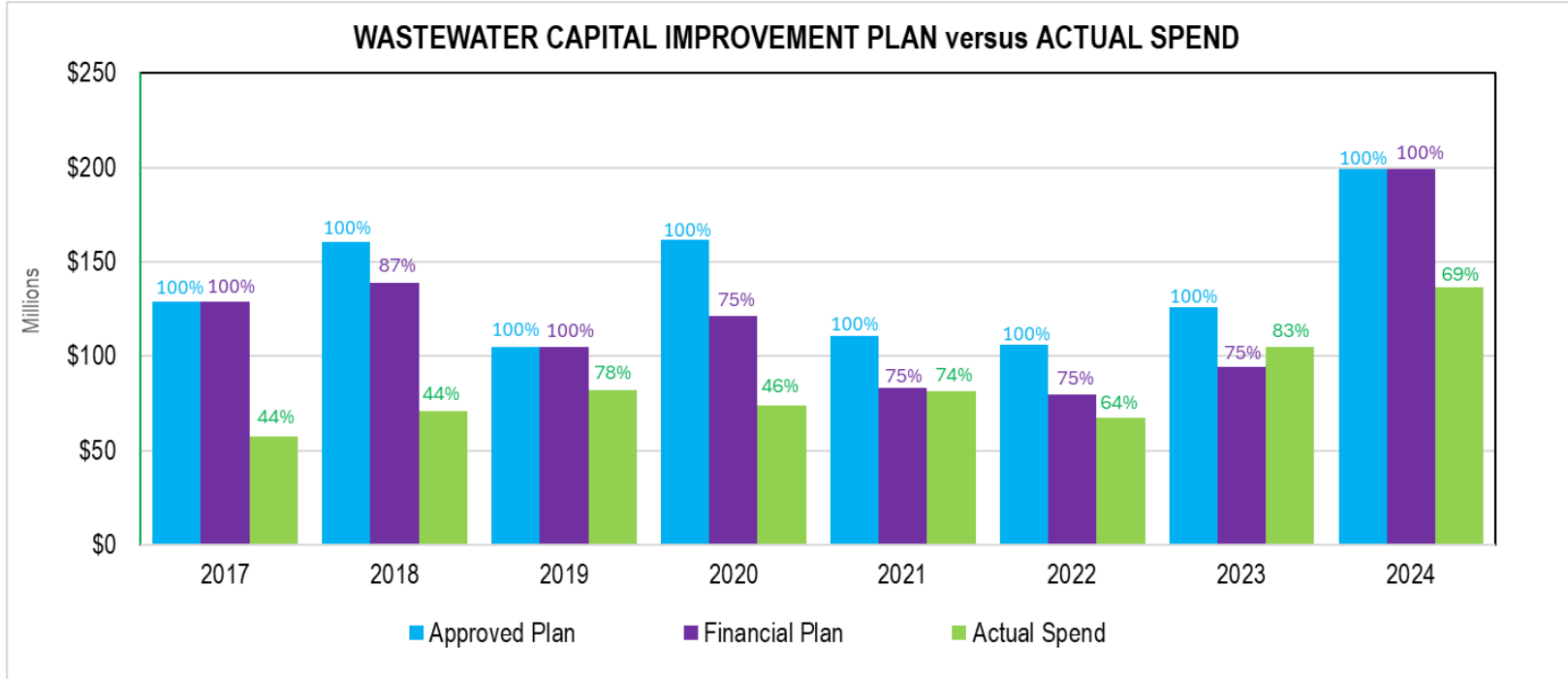


FY 2017 thru FY 2024 Budget Analysis

- Actual Spend exceeded the Financial Plan **three out of the past five years** since introduction AECOM and expanded CIP delivery team
- Improvement & Extension Funds (a/k/a paygo funding) is one resource that is leveraged to continue capital delivery progress when the actual spend approaches the financial plan ceiling
- Engagement of AECOM in 2019 provided engineering services and retooled capital delivery to increase spending – the progress shown in this chart demonstrates that desired outcome
- Due to significantly increased financial constraints, the I&E Funding has been scaled back; the CIP delivery team will provide increased controls on spending to in the future to ensure that spending stays within the financial plan
- The CIP and Financial Plan are dynamic; under- and over-spend are rolled forward and impact future years' budget and charges

Technical Commentary on FY 2024 CIP vs. Actual Spend - The primary reason for the underspending in FY 2024 was to achieve a cost savings in for the CIP # 122004 – 96” Water Main Relocation. In September 2023, the Board of Directors approved the termination of a Construction Manager at Risk (CMAR) contract to pivot to a significantly more cost-effective Design-Bid-Build delivery methods. The impact of negotiating and implementing this approach was a deferral of spend from FY 2024 to FY 2025.

WASTEWATER CIP DELIVERY: CSR-PAST PERFORMANCE

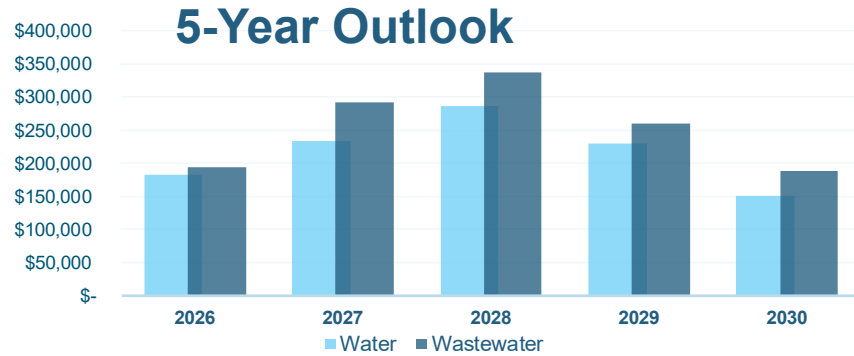


FY 2017 thru FY 2024 Budget Analysis

- Actual Spend equaled or exceeded the Financial Plan **two out of the past five years** since introduction AECOM and expanded CIP delivery team
- Improvement & Extension Funds (a/k/a paygo funding) is one resource that is leveraged to continue capital delivery progress when the actual spend approaches the financial plan ceiling
- Engagement of AECOM in 2019 provided engineering services and retooled capital delivery to increase spending – the progress shown in this chart demonstrates that desired outcome
- Due to significantly increased financial constraints, the I&E Funding has been scaled back; the CIP delivery team will provide increased controls on spending to in the future to ensure that spending stays within the financial plan
- The CIP and Financial Plan are dynamic; under- and over-spend are rolled forward and impact future years' budget and charges

Technical Commentary on FY 2024 CIP vs. Actual Spend – examples for reasons for the underspending in FY 2024: **1)** CIP # 232002 – Connor Creek Pump Station Improvements. The Board of Directors awarded a contract for approximately \$139 million on February 28, 2024. Due to the magnitude of this project, additional time was incurred in bid evaluation and contract negotiation. **2)** CIP #212008 WRRF Aeration Improvements 1 and 2 bids were \$125 million higher than engineers estimate. Value engineering took about nine months, and the award was delayed. No significant spending was realized in FY 24. **3)** CIP #211006-WRRF PS 1 - Project was delayed by SRF funding being provided for the project and thus the original start date and all associated elements were delayed by approximately 7 months. SRF funding provided access to low interest loan and approximately \$10M in principle forgiveness. The underspending in FY 2024 results in a deferral of spending to subsequent years.

FY 2026 - 2030 DISCUSSION DRAFT 2 - CIP AT A GLANCE

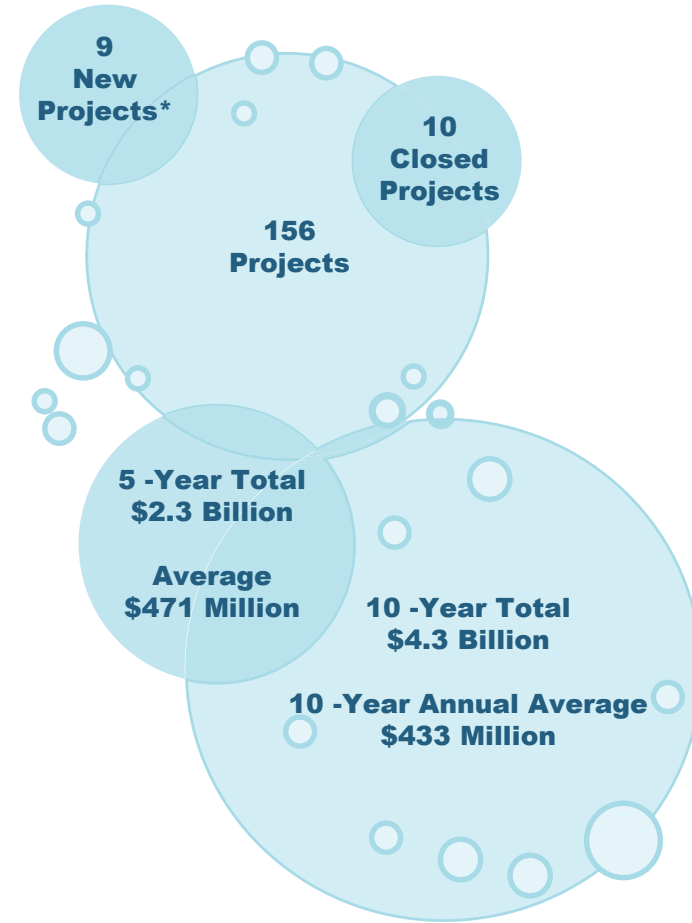


Financial figures in \$1,000s and rounded

WATER	
5-Year Total	\$1,083,229
5-Year Average	\$216,646
10-Year Total	\$2,216,920
10-Year Average	\$221,692

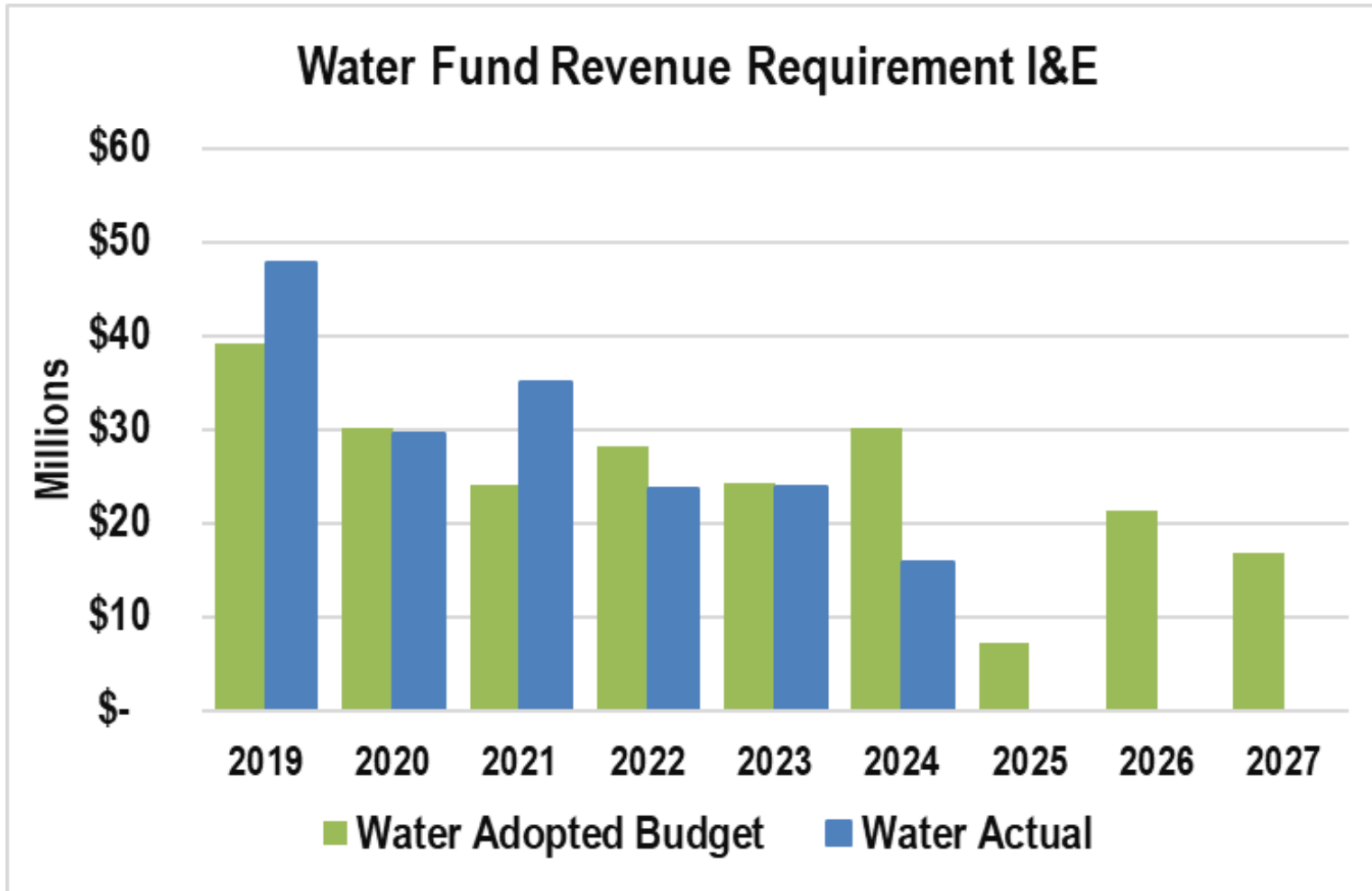
WASTEWATER	
5-Year Total	\$1,271,603
5-Year Average	\$254,321
10-Year Total	\$2,112,834
10-Year Average	\$211,283

* Based on Sep 30, 2024, actuals and PM cost and schedule updates as of Nov 15, 2024



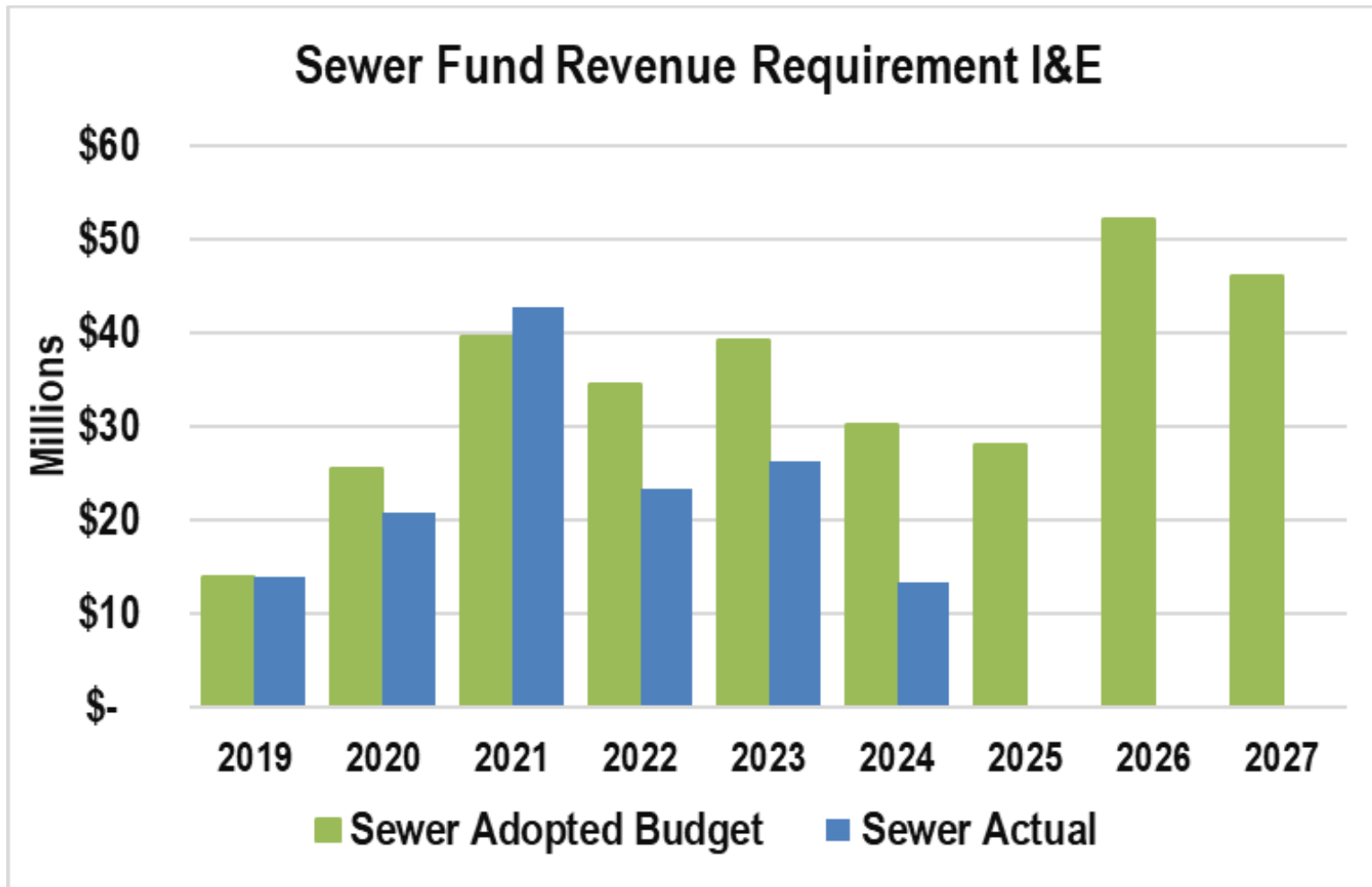
***5 NEW PROJECTS FROM PROGRAMS**

Water Fund PAYGO Capital Financing



- 💧 Average annual CIP forecast = \$221 million over 10 years
- 💧 Minimum annual Paygo set aside for large utility = 20% of CIP
- 💧 Annual I&E (Paygo) Contribution should be \$44 million for GLWA
- 💧 GLWA FY 2026 Budget = \$21.3 million

Sewer Fund PAYGO Capital Financing



- 💧 Average annual CIP forecast = \$211 million over 10 years
- 💧 Minimum annual Paygo set aside for large utility = 20% of CIP
- 💧 Annual I&E (Paygo) Contribution should be \$42.2 million for GLWA
- 💧 GLWA FY 2026 Budget = \$52 million
 - 💧 Recent five year average of \$25 million (FY 2020 – FY2024)



Special Charges Topics

Charges Topics

- ◆ **Methodology:** No methodology changes or shares updates this year. Changes in charges are driven by economic reality.
- ◆ **Across-the-Board Adjustments:** Since there was no methodology change this year, nearly every Member Partner received the same charge adjustment.

City of Flint

Annual Water Charges – Historical Analysis

FY 2019-FY 2026 Proposed

Fiscal Year	Fixed Monthly Charge (Annualized) (A)	Projected Volume (B)	Commodity Charge \$/Mcf (C)	Projected Annual Volume Charge (B x C = D)	Projected Total Charge Before KWA Credit (A + D =E)	Forecasted Increase (Decrease) in Budget for Charges	KWA Credit - Based on Debt Service Calculations (F)	Net Forecasted Billings to City of Flint (E - F)	Net Annual Budget Impact (\$)	Net Forecasted Billing Increase (Decrease)
FY 2019	\$ 6,649,200	544,400	\$ 8.14	\$ 4,431,400	\$ 11,080,600		\$ (6,639,700)	4,440,900		
FY 2020	6,822,000	553,900	8.21	4,547,500	11,369,500	2.6%	(6,652,200)	4,717,300	\$ 276,400	6.2%
FY 2021	6,867,600	522,600	8.76	4,578,000	11,445,600	0.7%	(6,652,200)	4,793,400	76,100	1.6%
FY 2022	6,772,800	478,700	9.43	4,514,100	11,286,900	-1.4%	(6,652,200)	4,634,700	(158,700)	-3.3%
FY 2023	6,950,400	469,200	9.88	4,635,700	11,586,100	2.7%	(6,651,600)	4,934,500	299,800	6.5%
FY 2024	7,012,800	455,200	10.27	4,674,900	11,687,700	0.9%	(6,651,800)	5,035,900	101,400	2.1%
FY 2025	6,987,600	415,500	11.21	4,657,800	11,645,400	-0.4%	(6,651,800)	4,993,600	(42,300)	-0.8%
FY 2026*	7,154,400	394,000	12.11	4,771,300	11,925,700	2.4%	(6,447,300)	5,478,400	484,800	9.7%
Seven Year Average Annual Budget Increase						1.1%			\$ 148,200	3.1%

Proposed FY 2026 System Average Charge Adjustment: 6.5%

City of Detroit (DWSD)

Annual Water Charges – Historical Analysis

FY 2017-FY 2026 Proposed

Fiscal Year	Fixed Monthly Charge (Annualized) (A)	Increase (Decrease) in Budget for Charges	Detroit Ownership Adjustment Credit (F)	Net Billings to DWSD (E - F)	Net Billing Increase (Decrease)	Net Annual Budget Impact (\$)
FY 2017	\$ 36,190,300		\$ (20,700,000)	\$ 15,490,300		
FY 2018	36,551,900	1.0%	(20,700,000)	15,851,900	2.3%	\$ 361,600
FY 2019	40,881,400	11.8%	(20,700,000)	20,181,400	27.3%	4,329,500
FY 2020	41,995,500	2.7%	(20,700,000)	21,295,500	5.5%	1,114,100
FY 2021	42,625,500	1.5%	(20,700,000)	21,925,500	3.0%	630,000
FY 2022	42,397,300	-0.5%	(20,700,000)	21,697,300	-1.0%	(228,200)
FY 2023	43,685,900	3.0%	(20,700,000)	22,985,900	5.9%	1,288,600
FY 2024	46,237,200	5.8%	(20,700,000)	25,537,200	11.1%	2,551,300
FY 2025	47,795,100	3.4%	(20,700,000)	27,095,100	6.1%	1,557,900
FY 2026*	51,010,500	6.7%	(20,700,000)	30,310,500	11.9%	3,215,400
Nine Year Average Annual Budget		3.9%			8.0%	1,646,689

Proposed FY 2026 System Average Charge Adjustment: 6.5%

City of Detroit (DWSD)

Annual Sewer Charges – Historical Analysis

FY 2017-FY 2026 Proposed

Fiscal Year	Fixed Monthly Charge (Annualized) (A)	Forecasted Increase (Decrease) in Budget for Charges	Detroit Ownership Adjustment Credit (F)	Net Billings to DWSD (E - F)	Net Billing Increase (Decrease)	Net Annual Budget Impact (\$)
FY 2017	\$ 192,820,100		\$ (5,516,000)	\$ 187,304,100		
FY 2018	184,485,200	-4.3%	(5,516,000)	178,969,200	-4.4%	\$ (8,334,900)
FY 2019	186,675,300	1.2%	(5,516,000)	181,159,300	1.2%	2,190,100
FY 2020	191,323,300	2.5%	(5,516,000)	185,807,300	2.6%	4,648,000
FY 2021	193,475,700	1.1%	(5,516,000)	187,959,700	1.2%	2,152,400
FY 2022	194,178,200	0.4%	(5,516,000)	188,662,200	0.4%	702,500
FY 2023	196,558,200	1.2%	(5,516,000)	191,042,200	1.3%	2,380,000
FY 2024	202,085,600	2.8%	(5,516,000)	196,569,600	2.9%	5,527,400
FY 2025	211,440,200	4.6%	(5,516,000)	205,924,200	4.8%	9,354,600
FY 2026*	220,839,900	4.4%	(5,516,000)	215,323,900	4.6%	9,399,700
Nine Year Average Annual Budget Increase		1.6%			1.6%	3,113,311

Proposed FY 2026 System Average Charge Adjustment: 4.5%

A dynamic background image showing a splash of clear blue water against a light blue sky. The water is captured in mid-air, with numerous droplets and bubbles visible. A semi-transparent blue horizontal band is overlaid across the middle of the image, serving as a backdrop for the text.

Supplemental Information



Trend Analysis – Past, Present, and Future

Trend Analysis – Water System Revenue Requirements

	Actual				Adopted Budget	Proposed	
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues							
Revenue from Charges							
Wholesale Charges	\$ 315,771,515	\$ 316,529,785	\$ 334,141,233	\$ 331,520,336	\$ 347,758,000	\$ 367,598,600	\$ 390,821,100
Local System Charges	21,925,500	21,697,300	22,834,300	25,537,200	27,094,800	30,310,800	33,589,300
Bad Debt Recovery Credit	-	-	-	(5,152,500)	-	-	-
Total Revenue from Charges	337,697,015	338,227,085	356,975,533	351,905,036	374,852,800	397,909,400	424,410,400
Investment Earnings							
Unrestricted	3,991,294	1,667,440	3,660,022	13,343,940	6,692,200	9,523,600	9,612,200
Restricted for Debt Service	204,011	278,173	5,501,592	4,992,455	3,182,100	3,260,100	3,377,700
Total Investment Earnings	4,195,305	1,945,613	9,161,614	18,336,395	9,874,300	12,783,700	12,989,900
Other Revenue	267,562	775,537	1,378,706	901,919	400,000	302,400	300,000
Total Revenues	\$ 342,159,882	\$ 340,948,235	\$ 367,515,853	\$ 371,143,350	\$ 385,127,100	\$ 410,995,500	\$ 437,700,300
Revenue Requirements							
Operations and Maintenance Expense	\$ 118,840,855	\$ 136,436,567	\$ 154,327,770	\$ 161,037,183	\$ 169,625,000	\$ 182,456,000	\$ 196,859,600
GRS Legacy Pension	6,048,000	6,048,000	6,048,000	-	-	-	-
Debt Service	138,100,407	136,039,760	150,055,300	160,622,417	175,300,800	\$ 179,082,200	\$ 193,148,700
General Retirement System Pension	6,268,300	6,268,300	6,268,300	1,505,500	2,283,300	2,730,800	2,559,000
Water Residential Assistance Program	1,669,400	1,705,500	1,770,500	1,851,600	1,947,800	1,981,200	2,113,000
Extraordinary Repair & Replacement Deposit	-	-	2,200,000	2,836,000	-	320,000	1,892,200
Working Capital Requirement	-	-	-	-	6,200,000	600,000	1,800,000
Regional System Lease	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000	22,500,000
Transfer to the Improvement & Extension Fund	35,094,800	23,739,800	23,766,000	15,767,900	7,270,200	21,325,300	16,827,800
Total Revenue Requirements	\$ 328,521,763	\$ 332,737,927	\$ 366,935,870	\$ 366,120,600	\$ 385,127,100	\$ 410,995,500	\$ 437,700,300
Revenue Requirement Variance	\$ 13,638,119	\$ 8,210,308	\$ 579,983	\$ 5,022,750	\$ -	\$ -	\$ -

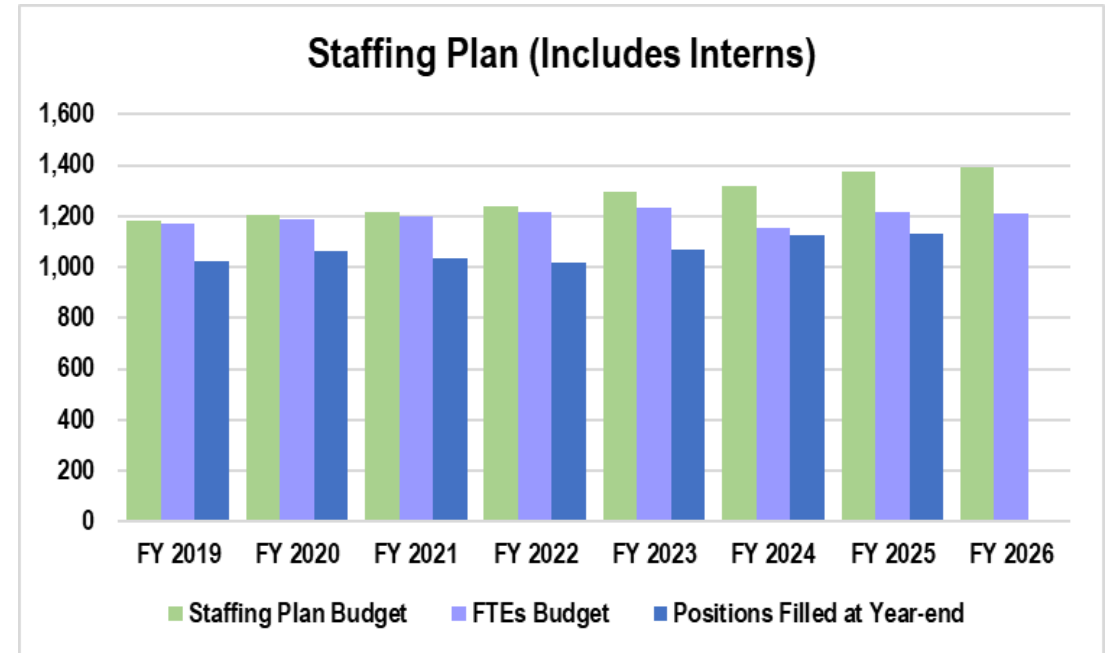
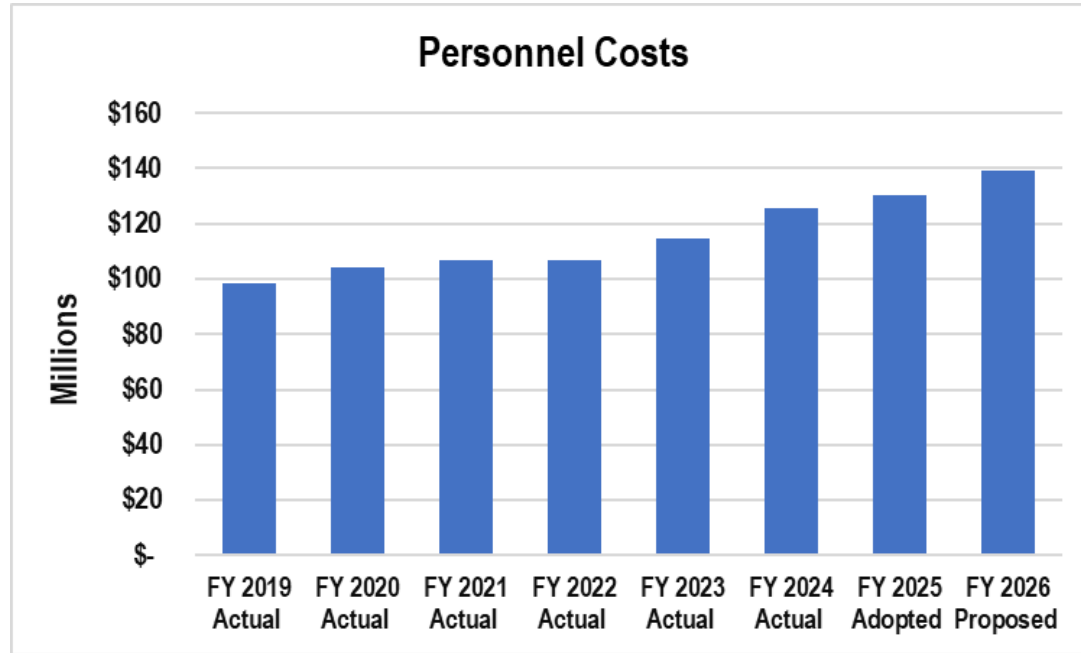
- ◆ The increase in O&M expense has reduced the amount of funds available for PAYGO capital financing resulting in increased debt financing to fund capital improvements.
- ◆ This is the main reason for the increase in debt service.

Trend Analysis – Sewer System Revenue Requirements

	Actual				Adopted Budget	Proposed	
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Revenues							
Revenue from Charges							
Wholesale Charges	\$ 267,567,816	\$ 268,813,369	\$ 275,917,502	\$ 282,767,090	\$ 287,517,600	\$ 300,316,800	\$ 314,897,300
Wholesale Charges Other	5,960,000	-	-	-	-	-	-
Local System Charges	187,959,700	188,662,200	191,042,200	196,569,600	205,924,800	215,324,400	226,454,600
Industrial Waste Control	8,004,939	8,300,278	8,393,103	8,617,495	8,719,300	9,150,300	9,606,500
Pollutant Surcharges	6,719,964	5,181,816	4,894,567	4,088,519	5,434,400	5,112,700	5,367,600
Bad Debt Recovery Credit	-	-	-	(15,556,900)	-	-	-
Total Revenue from Charges	476,212,419	470,957,663	480,247,372	476,485,804	507,596,100	529,904,200	556,326,000
Investment Earnings							
Unrestricted	2,224,824	1,290,856	4,102,394	16,344,105	10,494,500	10,538,800	11,128,400
Restricted for Debt Service	577,217	551,619	8,395,898	6,824,701	1,861,500	4,076,400	4,300,500
Total Investment Earnings	2,802,041	1,842,475	12,498,292	23,168,806	12,356,000	14,615,200	15,428,900
Other Revenue	2,217,405	817,448	4,901,316	(827,846)	700,000	442,600	450,000
Total Revenues	\$481,231,865	\$473,617,586	\$497,646,980	\$498,826,764	\$ 520,652,100	\$544,962,000	\$572,204,900
Revenue Requirements							
Operations and Maintenance Expense	\$ 172,312,815	\$ 182,862,055	\$ 207,330,215	\$ 222,673,733	\$ 228,934,000	\$ 236,098,700	\$ 246,387,900
GRS Legacy Pension	10,824,000	10,824,000	10,824,000	-	-	-	-
Debt Service	201,945,083	206,490,151	212,669,100	229,316,502	226,279,400	220,884,500	241,502,900
General Retirement System Pension	11,620,700	11,620,700	11,620,700	3,096,800	4,846,300	5,632,800	5,246,300
Water Residential Assistance Program	2,415,100	2,358,300	2,394,200	2,503,104	2,651,700	2,638,500	2,770,000
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-	-
Working Capital Requirement	-	-	-	-	2,300,000	-	2,700,000
Regional System Lease	27,500,000	27,500,000	27,500,000	27,500,004	27,500,000	27,500,000	27,500,000
Transfer to the Improvement & Extension Fund	42,742,700	23,424,000	26,236,800	13,399,600	28,140,700	52,207,500	46,097,800
Total Revenue Requirements	\$469,360,398	\$465,079,206	\$498,575,015	\$498,489,743	\$ 520,652,100	\$544,962,000	\$572,204,900
Revenue Requirement Variance	\$ 11,871,467	\$ 8,538,380	\$ (928,035)	\$ 337,021	\$ -	\$ -	\$ -

- The increase in O&M expense has reduced the amount of funds available for PAYGO capital financing resulting in increased debt financing to fund capital improvements.
- The large increase in FY 2027 in debt service is a combination of an increase in the principal payment requirement on existing debt as well as an increase in the debt balance

Trend Analysis – O&M Personnel

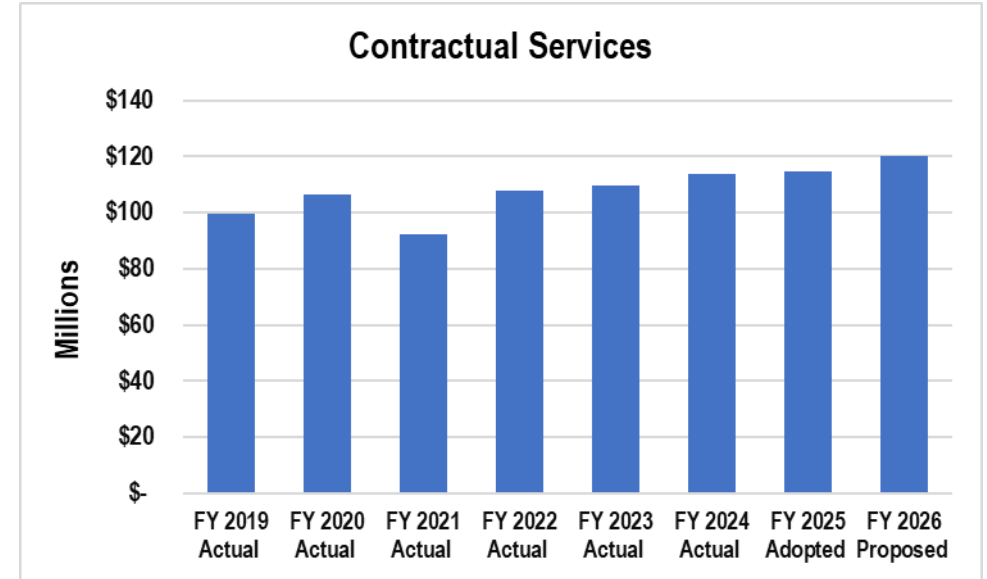


FY 2025 Positions filled at year end as of 1/24/2025.

- 💧 Budget is based on full-time equivalents (FTEs).
- 💧 See supplemental analysis in PDF Files
 - 💧 Personnel Rollforward with Notes (landscape)
 - 💧 Personnel by Cost Center (landscape 11 x 17)

Trend Analysis – O&M Contractual Services

- 💧 The contract with the New England Fertilizer Company (NEFCO) to operate the Biosolids Dryer Facility is subject to adjustments annually based on the Consumer Price Index for Detroit
- 💧 Water plants require removal of accumulated sludge, which is a byproduct of the treatment process on a regular basis
 - 💧 The cost per ton removed has increased significantly due to inflation and enhanced processes



Trend Analysis – O&M Contractual Services

(continued)

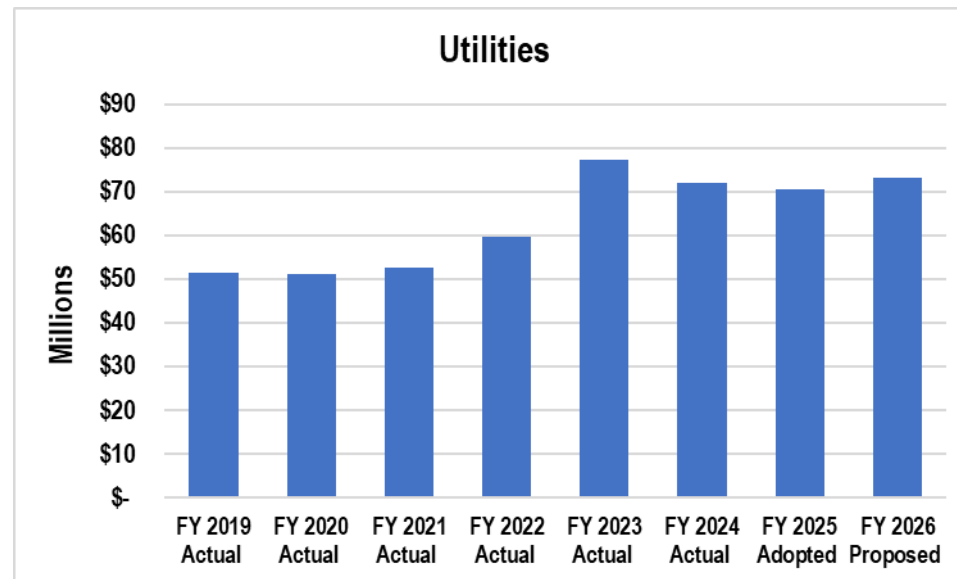
- ◆ Safeguarding of the Information Technology infrastructure through remote storage and backup protecting against external threats and interruptions
- ◆ Staff augmentation in various technical and operational areas to supplement our team members to achieve targeted goals in maintenance and infrastructure support
- ◆ In FY 2026 sewer linear asset integrity was increased as part of wastewater conveyance
- ◆ Risk Management insurance premiums increased to reflect the estimated annual change in policy agreements

Trend Analysis – O&M Utilities

💧 The following slides provide analysis by category of utilities

- 💧 Electricity
- 💧 Natural Gas
- 💧 Water
- 💧 Sewage

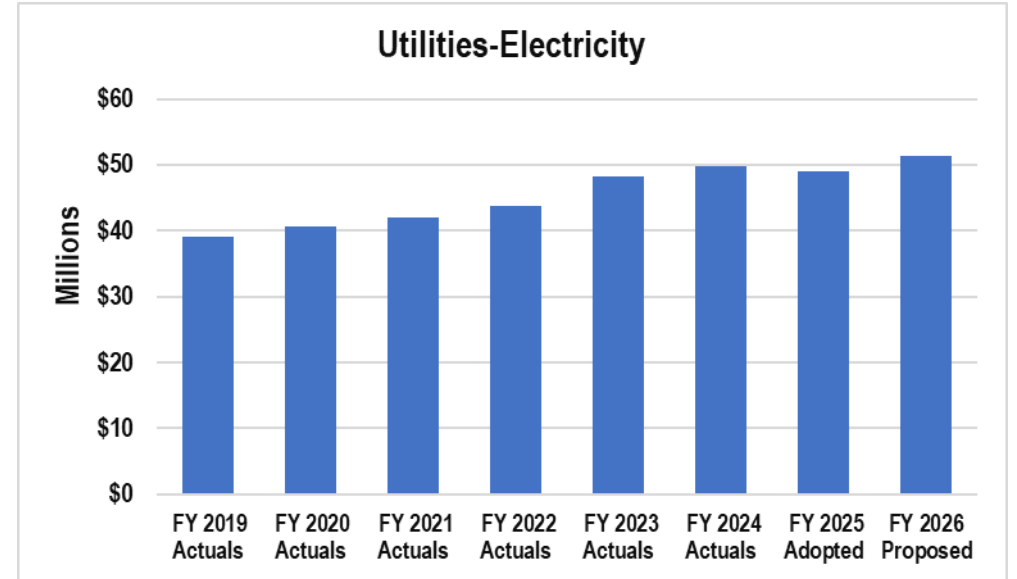
💧 Like many other cost categories, utilities are non-discretionary.



Trend Analysis – O&M Utilities

Electricity

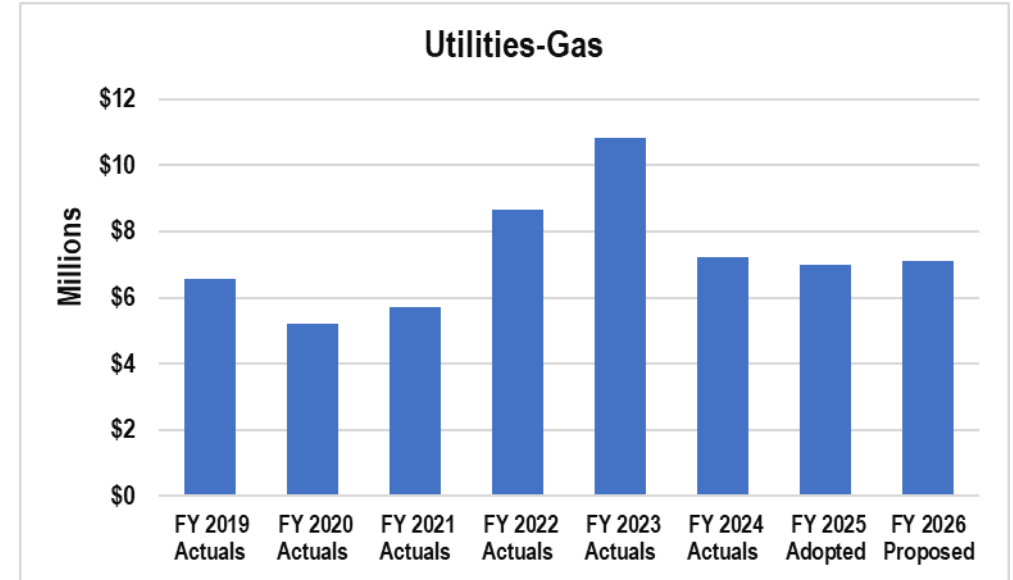
- Water Operations electrical usage is primarily associated with water distribution
- Peak production season (summer) results in higher electrical usage at the Water Treatment Plants (WTPs) and Pump Stations (Treated Water Transmission System)
- Wastewater electrical usage is more consistent than the water system
- Cost per kWh has steadily increased since FY 2020



Trend Analysis – O&M Utilities

Natural Gas

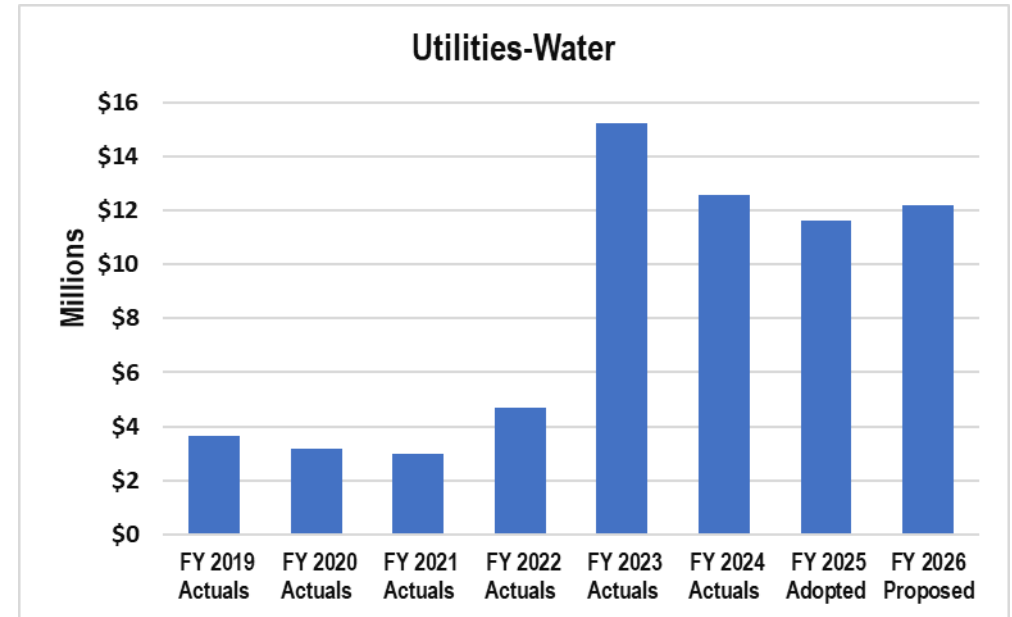
- GLWA has negotiated and locked in gas pricing for fixed periods (1 – 2 years), minimizing the effect of market volatility
- 80% of anticipated volume for FY 2025 has been locked in at an average rate of \$3.00 per mmBTU, \$.04 lower than the rate locked in for FY 2024
- GLWA can effectively estimate anticipated annual volume due to the majority of usage being process driven and consistent year over year



Trend Analysis – O&M Utilities

Water

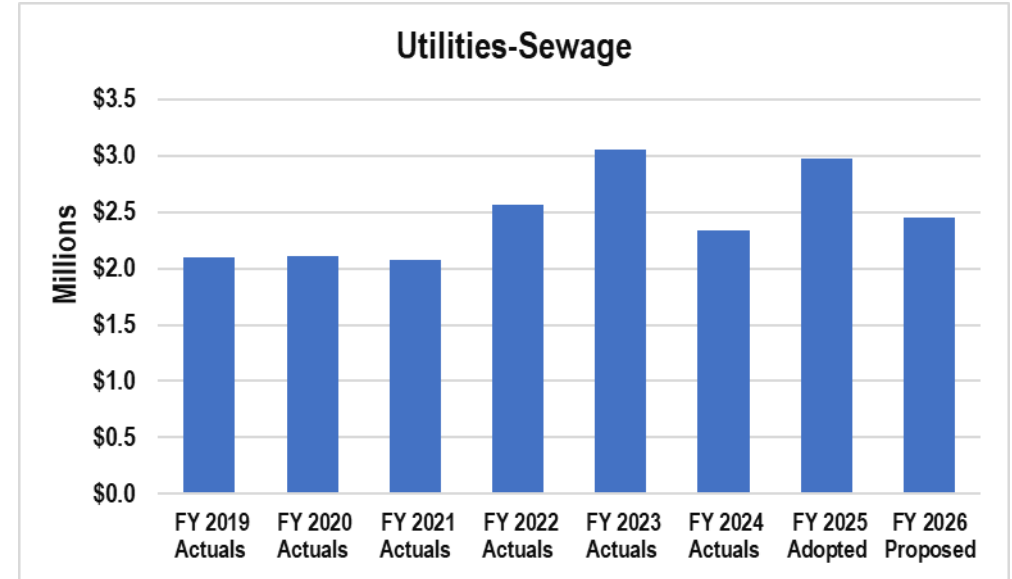
- 💧 Meters have been replaced at the Chlorination/De-chlorination facility and WRRF to ensure correct reads and billing working with DWSD to resolve metering issues for all facilities serviced
- 💧 The meter replacement resulted in more accurate readings & billing, primarily at the Water Resource Recovery Facility
- 💧 In August 2022 the average unit cost (\$/CCF) increased from \$2.66 to \$4.491 resulting in a monthly increase of approximate \$350,000 (\$4.2M annually)



Trend Analysis – O&M Utilities

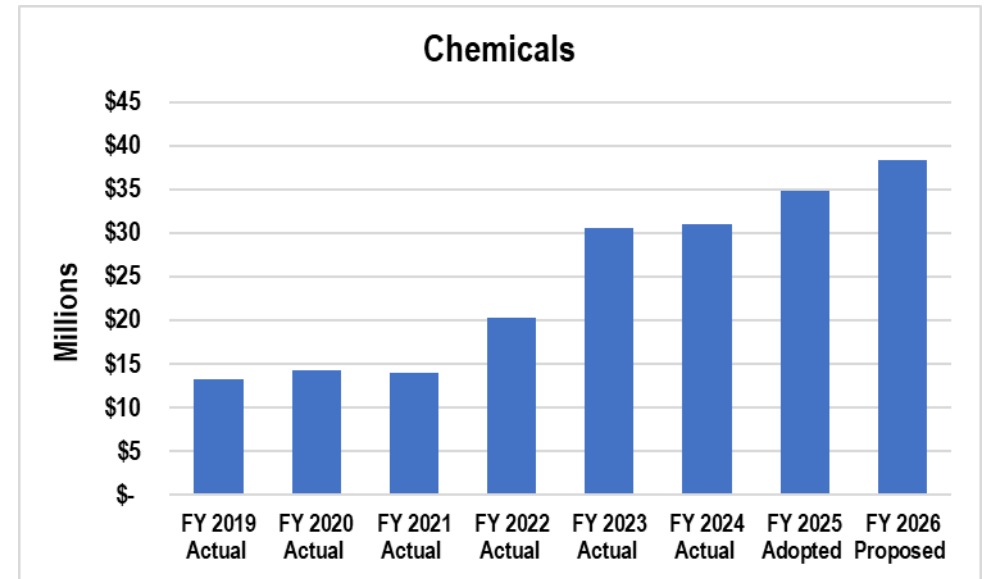
Sewage

- 💧 Sewage costs are primarily driven by water usage volume, for treatment
- 💧 Resolution of a significant water leak at the Oakwood CSO facility forecast a reduction in sewer costs tied to water volume



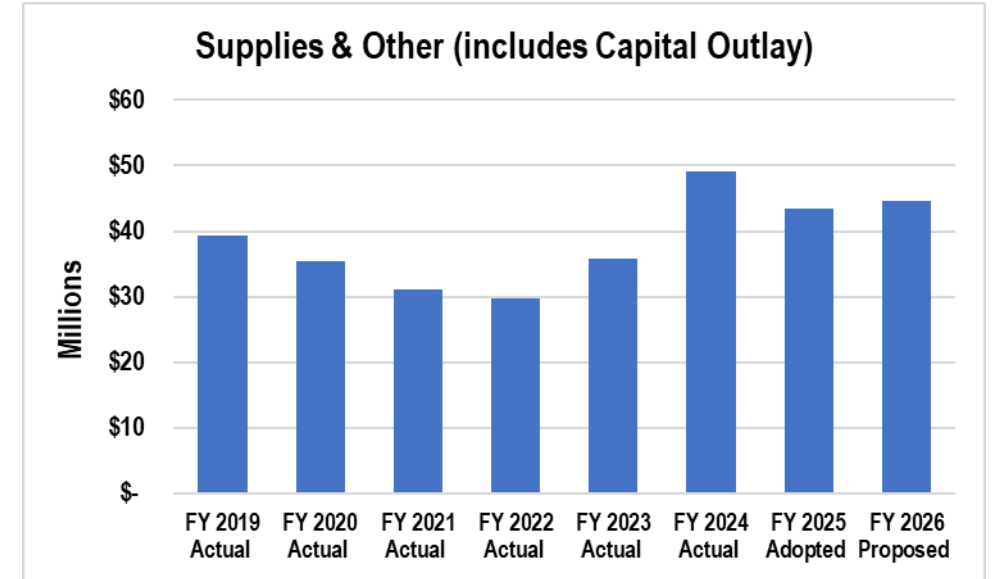
Trend Analysis – O&M Chemicals

- Expenditures for chemicals were historically stable through FY 2021. Beginning in FY 2022 and FY 2023 costs increased significantly
- During FY 2024 and continuing in FY 2025 prices have been come stabilize
- The increase for FY 2026 is the result of the January 2025 Federal Lead Copper Rule Revisions (LCSS) impact on Orthophosphate and Ferric Chloride volumes
 - The changes will affect budgets for all water plants (additional \$4.7M) and wastewater for primary processing (additional \$2.8M) respectively



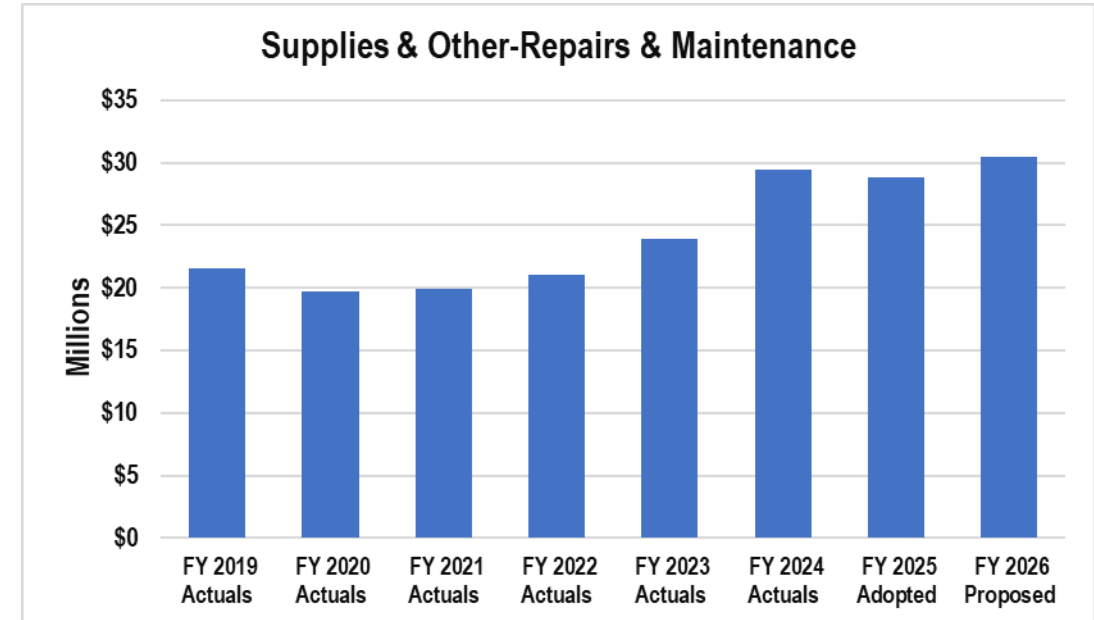
Trend Analysis – Supplies & Other

- The largest portion of this category would be repairs and maintenance, discussed on the following slide
- Supplies are a significant factor for operations including personal protective equipment (PPE), laboratory supplies and warehoused operational supplies
- Increase in training programs for staff and member partners



Trend Analysis – Supplies & Other Repairs & Maintenance Component

- 💧 A focus on maintaining a high level of service in both Water and Wastewater operations
 - 💧 Focusing on reliability and resiliency
- 💧 In FY 2024 the development of Workday and NEXGEN were moved to software maintenance
 - 💧 Annual operational costs are part of the on-going budget
- 💧 For FY 2026 additional funding was included for cyber security measures



Unallocated Reserve

- ◆ Unallocated reserve is a budget technique to prevent cost centers from budgeting “what if” dollar amounts their line items.
- ◆ When a bona fide unforeseen expense arises, and a cost center cannot reallocate other already existing resources, an allocation from the unallocated reserve is provided.
- ◆ The unallocated reserve also includes resources for the Chief Executive Officer (CEO) to utilize for emerging issues and opportunities.
- ◆ Salaries and wages line items do not include future compensation adjustments. The unallocated reserve is utilized at the CEO’s discretion for that purpose. This is why the line “rolls up” each year for cumulative compensation impacts.
- ◆ When the unallocated reserve is utilized, there is a budget amendment to reduce that line and the funding is moved to the appropriate line item. In some years, underspending is moved back to the unallocated reserve.
- ◆ In FY 2024, the entire amount was utilized – largely for equipment repairs and utility cost increases.

