



Proposed FY 2026 and FY 2027  
Biennial Budget Request  
And  
FY 2026 Schedule of Charges  
One Pager Series  
As of January 6, 2025



**Overview:** In January 2025 the Great Lakes Water Authority (GLWA) presented a proposed budget and charges for the upcoming fiscal year 2026. The purpose of this one-pager is to give context and background as it relates to this proposal.

**FY 2026 Proposed Charges Increases:**

Proposed average water system charge of 7.73% and sewer system charge of 5.3% to overcome several years of cost increases. Despite this increase, *GLWA’s average cumulative charge increase continues to be well below 4% with 2.9% for water and 1.7% for sewer.*

**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 of 7.39% for the water system and 5.34% for the sewer system.

**Proposed Budget Supports New Initiatives of Wide Scale Benefit to the Region**

*Corrosion Control:* While there is no lead in GLWA’s water and no lead pipes in GLWA’s transmission system, GLWA recently launched a corrosion control strategy to provide added protection to Member Partners’ local system (estimated cost \$6 million).

*Resiliency:* The newly formed GLWA Resiliency Group successfully launched a multi-year flood mitigation study in partnership with the U.S. Army Corps of Engineers. Southeast Michigan has experienced repeated widespread flooding, and five flooding-related FEMA Federal Disaster Declarations since 2000. This has resulted in economic burden and social hardship across our region. The project is funded 50% U.S. Army Corps of Engineers (USACE)/50% GLWA.

**Legal Constraints Deferred Needed Charge Increases:** Well- intended 4% Promise budget limitation could not have foreseen the depth of the economic impact of a pandemic on GLWA.

**Looking for more information?**  
 Visit us online at [www.glwater.org](http://www.glwater.org)

**High Double Digit Cost Increases Since 2020:** *Non-discretionary* chemicals, utilities, and services increased nearly 55% since 2020.

**Infrastructure Improvements are Largely Funded by Debt and Cash Reserves:** This means that over 44 cents of every dollar is required for mandatory debt payments.

**Addressing Deferred Maintenance was a Key Objective in Establishing the Regional Authority:** Unfortunately, budget constraints have slowed the pace of maintenance. The cost of that equipment and services becomes more costly each year.

**Solid Financial Footing Translates to Lower Cost of Borrowing – and Lower Charge Increases in the Future:** GLWA is now an AA rated utility (remember the bonds sunk to non-investment grade during the City’s Chapter 9).

- Nearly \$900 million in cash flow savings has been achieved by restructuring debt.
- The proposed FY 2026 charge increase is an important signal to bond rating agencies and investors to maintain financial stability – especially with potential refunding opportunities this year.

**Leveraging Technology and Talent:**

- The proposed budget supports the linear system integrity program, new asset management technology, and a smart ball technology to best manage limited resources.
- Expanding apprenticeship and intern programs address hard-to-fill positions.

**Average System Charge Adjustments**

Year	Water	Sewer
2018	1.8%	-0.7%
2019	1.8%	0.1%
2020	0.6%	0.8%
2021	3.2%	2.0%
2022	1.5%	-0.6%
2023	3.7%	2.4%
2024	2.75%	2.75%
2025	3.25%	3.0%
2026 Preliminary Proposed	7.73%	5.3%
9-Year Average	2.9%	1.7%

# MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for **Water Services** provides for...

## *FY 2026 Water System Budget Infographic*

### **44.9%** DEBT SERVICE

#### **44.9¢ ON THE DOLLAR**

Physical improvements to GLWA's regional water system and its assets are financed with debt. Debt service principal and interest are funded monthly.

### **44.1%** OPERATIONS AND MAINTENANCE

#### **44.1¢ ON THE DOLLAR**

The cost for people, utilities, chemicals, and services to deliver water of unquestionable quality around-the-clock, every day of the year.

### **5.4%** REGIONAL SYSTEM LEASE

#### **5.4¢ ON THE DOLLAR**

This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional water system. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

### **4.0%** REVENUE FINANCED CAPITAL

#### **4.0¢ ON THE DOLLAR**

To lower the debt burden, GLWA sets aside money each year from revenues to pay for capital improvements in future years. This pay-as-you-go approach eliminates the need to pay interest on debt in future years and improves financial resiliency.

### **0.7%** TRUST FUND WORKING CAPITAL & OTHER

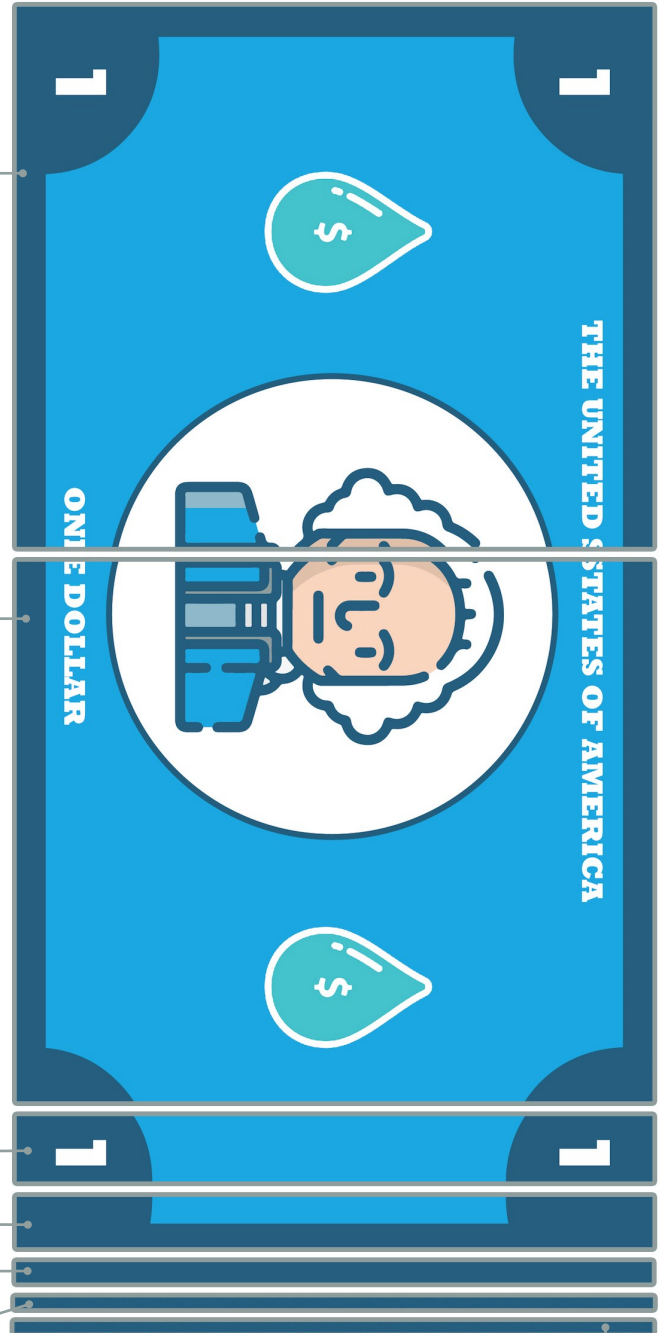
#### **0.7¢ ON THE DOLLAR**

The amount required to maintain sufficient liquidity in the Master Bond Ordinance Trust Receiving and other funds, and the Extraordinary Repair & Replacement Reserve Fund.

### **0.4%** CLOSED PENSION

#### **0.4¢ ON THE DOLLAR**

GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the water system before GLWA was formed. Over time, the annual payment will decrease.



### **0.5%** WRAP (WATER RESIDENTIAL ASSISTANCE PROGRAM)

#### **0.5¢ ON THE DOLLAR**

Half a percent of GLWA's revenue goes straight to funding WRAP, making it the only sustainably-funded assistance program in the country. WRAP provides not only financial assistance, but also conservation education and minor plumbing repairs and replacements.

Source: Proposed FY 2026 Budget as of January 6, 2025

# MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for **Wastewater Services** provides for...

## FY 2026 Wastewater System Budget Infographic

### 44.1% OPERATIONS AND MAINTENANCE

#### 44.1¢ ON THE DOLLAR

The cost for people, utilities, chemicals, and services to deliver effective and efficient wastewater services around-the-clock, every day of the year.

### 40.5% DEBT SERVICE

#### 40.5¢ ON THE DOLLAR

Physical improvements to GLWA's regional wastewater system and its assets are financed with debt. Debt service principal and interest are funded monthly.

### 9.2% REVENUE FINANCED CAPITAL

#### 9.2¢ ON THE DOLLAR

To lower the debt burden, GLWA sets aside money each year from revenues to pay for capital improvements in future years. This pay-as-you-go approach eliminates the need to pay interest on debt in future years and improves financial resiliency.

### 5.0% REGIONAL SYSTEM LEASE

#### 5.0¢ ON THE DOLLAR

This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional wastewater system. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

### 0.6% CLOSED PENSION

#### 0.6¢ ON THE DOLLAR

GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the wastewater system before GLWA was formed. Over time, the annual payment will decrease.

### 0.5% WRAP (WATER RESIDENTIAL ASSISTANCE PROGRAM)

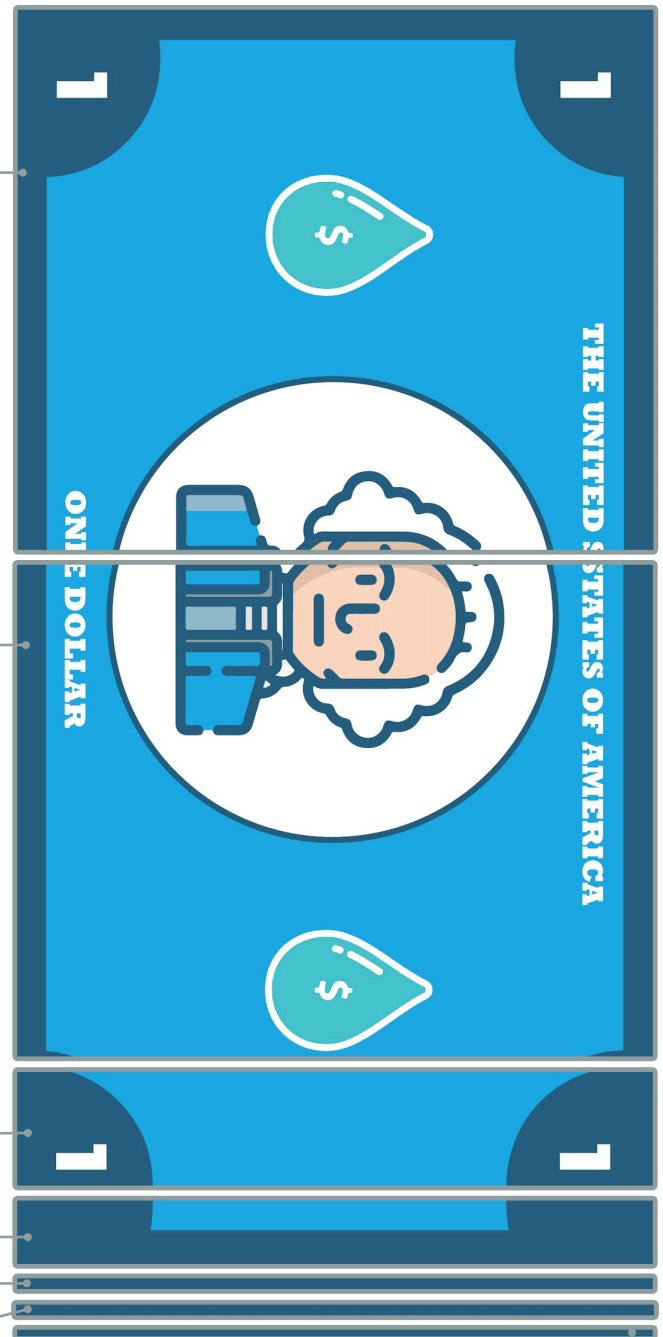
#### 0.5¢ ON THE DOLLAR

Half a percent of GLWA's revenue goes straight to funding WRAP, making it the only sustainably-funded assistance program in the country. WRAP provides not only financial assistance, but also conservation education and minor plumbing repairs and replacements.

### 0.1% ER&R DEPOSIT

#### 0.1¢ ON THE DOLLAR

The amount required to maintain the Master Bond Ordinance required balance in the Extraordinary Repair & Replacement Reserve (ER&R) Fund.



Source: Proposed FY 2026 Budget as of January 6, 2025



# MAKING SENSE OF YOUR DOLLARS

Every dollar paid to GLWA for combined **Water and Wastewater Services** provides for...

## FY 2026 Water and Wastewater Combined Budget Infographic

### 42.4% DEBT SERVICE

#### 42.4¢ ON THE DOLLAR

Physical improvements to GLWA's regional water and wastewater system assets are financed with debt. Debt service principal and interest are funded monthly.

### 44.1% OPERATIONS AND MAINTENANCE

#### 44.1¢ ON THE DOLLAR

The cost for people, utilities, chemicals, and services to deliver water of unquestionable quality and effective and efficient wastewater services around-the-clock, every day of the year.

### 5.2% REGIONAL SYSTEM LEASE

#### 5.2¢ ON THE DOLLAR

This money goes to the Detroit Water and Sewerage Department (DWSD) to pay for GLWA's lease of the regional water and wastewater systems. DWSD uses those funds for improvements to the local system and to pay debt related to capital improvements.

### 7.0% REVENUE FINANCED CAPITAL

#### 7.0¢ ON THE DOLLAR

To lower the debt burden, GLWA sets aside money each year from revenues to pay for capital improvements in future years. This pay-as-you-go approach eliminates the need to pay interest on debt in future years and improves financial resiliency.

### 0.3% TRUST FUND WORKING CAPITAL & OTHER

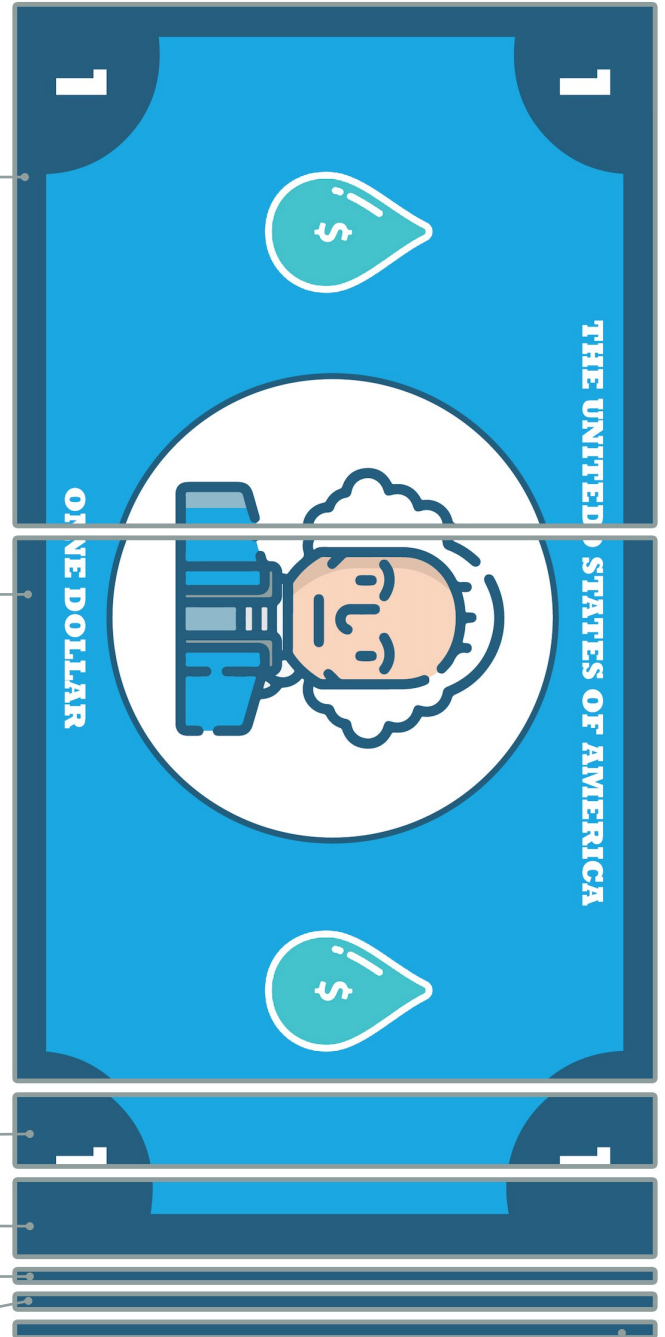
#### 0.3¢ ON THE DOLLAR

The amount required to maintain sufficient liquidity in the Master Bond Ordinance Trust Receiving and other funds, and the Extraordinary Repair & Replacement Reserve Fund.

### 0.5% CLOSED PENSION

#### 0.5¢ ON THE DOLLAR

GLWA inherited a portion of the city of Detroit's pension plan expense for employees and retirees that maintained the regional system before GLWA was formed. Over time, the annual payment will decrease.



### 0.5% WRAP (WATER RESIDENTIAL ASSISTANCE PROGRAM)

#### 0.5¢ ON THE DOLLAR

Half a percent of GLWA's revenue goes straight to funding WRAP, making it the only sustainably-funded assistance program in the country. WRAP provides not only financial assistance, but also conservation education and minor plumbing repairs and replacements.

Source: Proposed FY 2026 Budget as of January 6, 2025





Trends  
Revenues and Revenue Requirements  
Proposed Budget & Five-Year Plan as of January 6, 2025  
FY 2026 through FY 2030

The presentation below is based on the Schedule of Revenue Requirements - Budget to Actual as reported in the Supplementary Information of the Annual Comprehensive Financial Report (ACFR).

Water Fund Revenues and Revenue Requirements						
	Actual 2022	Actual 2023	Actual 2024	Estimated 2025	Requested 2026	Requested 2027
<b>Revenues (Budget Basis)</b>						
Revenue from Charges						
Wholesale Charges	323,026,213	340,593,806	337,511,167	\$ 354,409,800	\$ 378,346,000	\$ 405,376,100
Charge credits (Flint-KWA) [1]	(6,496,428)	(6,452,573)	(5,990,831)	(6,651,800)	(6,447,300)	(6,569,900)
Local System Charges	21,697,300	22,834,300	25,537,200	27,094,800	30,622,600	34,554,700
Bad Debt Recovery Credit	-	-	(5,152,500)	-	-	-
<b>Total Revenue from Charges</b>	<b>338,227,085</b>	<b>356,975,533</b>	<b>351,905,036</b>	<b>374,852,800</b>	<b>402,521,300</b>	<b>433,360,900</b>
Investment Earnings [2]						
Unrestricted	1,667,440	5,501,592	13,343,940	6,692,200	7,884,400	7,872,900
Restricted for Debt Service	278,173	3,660,022	4,992,455	3,182,100	3,302,100	3,523,600
<b>Total Investment Earnings</b>	<b>1,945,613</b>	<b>9,161,614</b>	<b>18,336,395</b>	<b>9,874,300</b>	<b>11,186,500</b>	<b>11,396,500</b>
Other Revenue [3]	775,537	1,378,706	901,919	400,000	300,000	300,000
<b>Total Revenues</b>	<b>\$ 340,948,235</b>	<b>\$ 367,515,853</b>	<b>\$ 371,143,350</b>	<b>\$ 385,127,100</b>	<b>\$ 414,007,800</b>	<b>\$ 445,057,400</b>
<b>Revenue Requirements</b>						
Operations & Maintenance Expense [4]	\$ 136,436,567	\$ 154,327,770	\$ 161,037,183	\$ 169,625,000	\$ 182,456,000	\$ 193,475,700
General Retirement Legacy Pension	6,048,000	6,048,000	-	-	-	-
Debt Service	136,039,760	150,055,300	160,622,417	175,300,800	185,983,000	203,033,000
General Retirement System Pension	6,268,300	6,268,300	1,505,500	2,283,300	1,622,200	1,450,400
Water Residential Assistance						
Program Contribution	1,705,500	1,770,500	1,851,600	1,947,800	2,004,100	2,157,500
Extraordinary Repair & Replacement Deposit	-	2,200,000	2,836,000	-	1,244,500	892,200
Regional System Lease	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	1,600,000	1,100,000
Improvement & Extension Fund Transfer Pending	23,739,800	23,766,000	15,767,900	7,270,200	16,598,000	20,448,600
<b>Total Revenue Requirements</b>	<b>\$ 332,737,927</b>	<b>\$ 366,935,870</b>	<b>\$ 366,120,600</b>	<b>\$ 385,127,100</b>	<b>\$ 414,007,800</b>	<b>\$ 445,057,400</b>
<b>Revenue Requirement Variance [5]</b>	<b>\$ 8,210,308</b>	<b>\$ 579,983</b>	<b>\$ 5,022,750</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

[1] Credits applied reduce cash available to meet revenue requirements, therefore they are removed for this presentation. The credits applied reduce the Authority's liability for the raw water rights.

[2] Investment earnings excludes investment earnings on bond proceeds. Once bond money has been depleted in the construction fund, I&E funds are transferred to the construction fund. Interest earnings on I&E funds that were transferred to the construction fund are included. Restricted investment earnings are from the debt service and bond reserve accounts that can only be used for debt service.

[3] Other revenues include other operating revenues and other nonoperating revenues for the Water Operations Funds. Numbers will not match those reported in the ACFR as other nonoperating is net of income and expenses.

[4] Includes the Operations Fund operating expenses as reported in the Supplementary Information of the ACFR. Does not include I&E Fund operating expenses as those are paid with I&E funds and not current revenue.

[5] Revenue Requirement Variance represents the difference between revenues and expenses on a budget basis. To the extent that there is a positive variance, a post year end closing analysis is performed. Depending on cash flow requirements, some or all of this variance may be transferred to the Improvement & Extension funds in the subsequent year. This schedule reflects a budgeting basis analysis that is used to prepare member charges. It does not reflect net income for financial reporting purposes. See the Annual Comprehensive Financial Report for the financials based on generally accepted accounting principals.



Trends  
Revenues and Revenue Requirements  
Proposed Budget & Five-Year Plan as of January 6, 2025  
FY 2026 through FY 2030

The presentation below is based on the Schedule of Revenue Requirements-Budget to Actual as reported in the Supplementary Information of the Annual Comprehensive Financial Report (ACFR).

Sewage Disposal Fund Revenues and Revenue Requirements						
	Actual 2022	Actual 2023	Actual 2024	Estimated 2025	Requested 2026	Requested 2027
<b>Revenues (Budget Basis)</b>						
Revenue from Charges						
Wholesale Charges	\$ 268,813,369	\$ 275,917,502	\$ 282,767,090	\$ 287,517,600	\$ 301,556,600	\$ 317,570,900
Local System Charges	188,662,200	191,042,200	196,569,600	205,924,800	217,909,900	229,996,100
Industrial Waste Control Charges	8,300,278	8,393,103	8,617,495	8,719,300	9,213,500	9,711,900
Pollutant Surcharges	5,181,816	4,894,567	4,088,519	5,434,400	5,742,400	6,053,000
Bad Debt Recovery Credit	-	-	(15,556,900)	-	-	-
<b>Total Revenue from Charges</b>	<b>470,957,663</b>	<b>480,247,372</b>	<b>476,485,804</b>	<b>507,596,100</b>	<b>534,422,400</b>	<b>563,331,900</b>
Investment Earnings [1]						
Unrestricted	1,293,623	8,395,898	16,344,105	10,494,500	10,331,200	11,369,800
Restricted for Debt Service	548,852	4,102,394	6,824,701	1,861,500	4,081,400	4,338,300
<b>Total Investment Earnings</b>	<b>1,842,475</b>	<b>12,498,292</b>	<b>23,168,806</b>	<b>12,356,000</b>	<b>14,412,600</b>	<b>15,708,100</b>
Other Revenue [2]	817,448	4,901,316	(827,846)	700,000	450,000	450,000
<b>Total Revenues</b>	<b>\$ 473,617,586</b>	<b>\$ 497,646,980</b>	<b>\$ 498,826,764</b>	<b>\$ 520,652,100</b>	<b>\$ 549,285,000</b>	<b>\$ 579,490,000</b>
<b>Revenue Requirements</b>						
Operations & Maintenance Expense [3]	\$ 182,862,055	\$ 207,330,215	\$ 222,673,733	\$ 228,934,000	\$ 242,124,500	\$ 250,889,700
General Retirement Legacy Pension	10,824,000	10,824,000	-	-	-	-
Debt Service	206,490,151	212,669,100	229,316,502	226,279,400	222,402,500	243,463,300
General Retirement System Pension	11,620,700	11,620,700	3,096,800	4,846,300	3,648,800	3,262,300
Water Residential Assistance						
Program Contribution	2,358,300	2,394,200	2,503,104	2,651,700	2,661,100	2,804,900
Extraordinary Repair & Replacement Deposit	-	-	-	-	364,900	-
Regional System Lease	\$27,500,000	\$27,500,000	27,500,004	27,500,000	27,500,000	27,500,000
Receiving Fund Working Capital Requirement	-	-	-	2,300,000	-	3,100,000
Improvement & Extension Fund Transfer Pending	23,424,000	26,236,800	13,399,600	28,140,700	50,583,200	48,469,800
<b>Total Revenue Requirements</b>	<b>\$ 465,079,206</b>	<b>\$ 498,575,015</b>	<b>\$ 498,489,743</b>	<b>\$ 520,652,100</b>	<b>\$ 549,285,000</b>	<b>\$ 579,490,000</b>
<b>Revenue Requirement Variance [4]</b>	<b>\$ 8,538,380</b>	<b>\$ (928,035)</b>	<b>\$ 337,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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