



Review and Updated of Proposed Budget and Charges

Audit Committee Meeting
February 17, 2025

Executive Summary

- ◆ After multiple years of high double digit increases in nearly all cost categories, GLWA's administration proposed budget and charges for FY 2026 on January 6, 2025 that exceeded a longstanding 4% ceiling with charge increases that were below inflation
- ◆ The GLWA is in the post implementation phase of a new financial system and is presently building models in a new budgeting system; bridging historical information from the old system to current information in the new system has required extra time
- ◆ Leveraging the new system and this analysis, however, the GLWA administration has revisited assumptions and budgets to offer an alternative budget scenario
- ◆ Today's presentation addresses questions that have been posed by Board members and member partners to better understand the budget and charges for all stakeholders
- ◆ GLWA maintains its commitment to excellence which has allowed it to navigate multiple years of financial constraints and increased operational and capital demands

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

Alternative Budget / Charge Scenario

💧 Water System Charges

- 💧 Decrease **average system charge** from 7.73% to 6.96%
- 💧 Decrease **across the board charge adjustment** for most from 7.38% to 6.67%
- 💧 Decrease in total **revenue requirements** from 7.5% to 6.75%

💧 Sewer System Charges

- 💧 Decrease **average system charge** from 5.39% to 4.5%
- 💧 Decrease **across the board adjustment** for most from 5.34% to 4.44%
- 💧 Decrease in total **revenue requirements** from 5.5% to 4.63%

How Was This Accomplished?

💧 Water System - Debt Service Assumptions

- 💧 Changed issue date from April 1st to June 1st for expected 2026 new money bonds resulting in 2 months less interest expense of approximately \$2.9 million

💧 Sewer System – Cost Reductions and Realignment

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

FY 2026 Water System Crosswalk

Water System Revenue Requirement	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/17/2025 Audit Committee
Revenues			
Revenues from Charges			
Suburban Wholesale Customers	\$ 371,898,700	\$ (2,791,100)	\$ 369,107,600
Local System Charges	30,622,600	(94,600)	30,528,000
Bad Debt Recovery Credit	-	-	-
Total Revenue from Charges	402,521,300	(2,885,700)	399,635,600
Investment Earnings			
Unrestricted	7,884,400	-	7,884,400
Restricted for Debt Service	3,302,100	-	3,302,100
Total Investment Earnings	11,186,500	-	11,186,500
Other Operating Revenue	300,000	(3,200)	296,800
Total Revenues	\$ 414,007,800	\$ (2,888,900)	\$ 411,118,900
Revenue Requirements			
Operations & Maintenance Expense	\$ 182,456,000		\$ 182,456,000
Debt Service	185,983,000	(2,900,000)	183,083,000
General Retirement System Pension	1,622,200		1,622,200
Water Residential Assistance Program Contribution	2,004,100	(14,400)	1,989,700
Extraordinary Repair & Replacement Deposit	1,244,500		1,244,500
Regional System Lease	22,500,000		22,500,000
Receiving Fund Working Capital Requirement	1,600,000		1,600,000
Improvement & Extension Fund Transfer Pending	16,598,000	25,500	16,623,500
Annual Water System Revenue Requirements	\$ 414,007,800	\$ (2,888,900)	\$ 411,118,900

Reduction in proposed System Charge Adjustment from 7.73% to 6.96%

Reduction in proposed System Charge Adjustment from 7.73% to 6.96%

Charges rounding impact on other operating revenues

Change in Revenue Requirement Adjustment from 7.5% to 6.75%

Forecasted lower debt service on next bond transaction

Reduction in WRAP deposit due to decrease in budgeted operating revenue

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	(2,885,700)	399,635,600
Charge Adjustment Required	28,882,400	(2,885,700)	25,996,700
System Charge Adjustment - %	7.73%	-0.77%	6.96%

FY 2026 Sewer System Crosswalk

Sewer System Revenue Requirement	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/17/2025 Audit Committee	
Revenues				
Revenues from Charges				
Suburban Wholesale Customers	\$ 301,556,600	\$ (1,260,200)	\$ 300,296,400	<i>Reduction in proposed System Charge Adjustment from 5.39% to 4.50%</i>
Local System Charges	217,909,900	(2,573,500)	215,336,400	<i>Reduction in proposed System Charge Adjustment from 5.39% to 4.50%</i>
Industrial Waste Control Charges	9,213,500	(63,200)	9,150,300	<i>Reduction in proposed System Charge Adjustment from 5.39% to 4.50%</i>
Pollutant Surcharges	5,742,400	(629,700)	5,112,700	<i>Reduction in proposed System Charge Adjustment from 5.39% to 4.50%</i>
Bad Debt Recovery Credit	-	-	-	
Total Revenue from Charges	534,422,400	(4,526,600)	529,895,800	
Investment Earnings				
Unrestricted	10,331,200	-	10,331,200	
Restricted for Debt Service	4,081,400	-	4,081,400	
Total Investment Earnings	14,412,600	-	14,412,600	
Other Operating Revenue	450,000	(3,700)	446,300	<i>Charges rounding impact on other operating revenues</i>
Total Revenues	\$ 549,285,000	\$ (4,530,300)	\$ 544,754,700	<i>Change in Revenue Requirement Adjustment from 5.5% to 4.63%</i>
Revenue Requirements				
Operations & Maintenance Expense	\$ 242,124,500	\$ (6,025,800)	\$ 236,098,700	<i>Identified O&M Budget reductions</i>
Debt Service	222,402,500		222,402,500	
General Retirement System Pension	3,648,800		3,648,800	
Water Residential Assistance Program Contribution	2,661,100	(22,600)	2,638,500	<i>Reduction in WRAP deposit due to less budgeted operating revenue</i>
Extraordinary Repair & Replacement Deposit	364,900	(364,900)	-	<i>Lower O&M Budget eliminates required ER&R deposit</i>
Regional System Lease	27,500,000		27,500,000	
Receiving Fund Working Capital Requirement	-		-	
Improvement & Extension Fund Transfer Pending	50,583,200	1,883,000	52,466,200	<i>Net change in above items falls to I&E line item</i>
Annual Sewer System Revenue Requirements	\$ 549,285,000	\$ (4,530,300)	\$ 544,754,700	
<u>Charge Adjustment Calculations</u>				
Proforma Charge Revenue - Existing Charges	\$ 507,090,300		\$ 507,090,300	
Revenues Required from Charges	534,422,400	(4,526,600)	529,895,800	
Charge Adjustment Required	27,332,100	(4,526,600)	22,805,500	
System Charge Adjustment - %	5.39%	-0.89%	4.50%	

Revised 1A - Water System Biennial Revenue Requirement

Water 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	\$ 331,520,336	\$ 347,758,000	\$ 347,758,000	\$ 369,107,600	\$ 21,349,600	6.1%	\$ 395,017,200	\$ 25,909,600	7.0%
Local System Charges	25,537,200	27,094,800	27,094,800	30,528,000	3,433,200	12.7%	34,204,800	3,676,800	12.0%
Bad Debt Recovery Credit	(5,152,500)	-	-	-	-	0.0%	-	-	0.0%
Total Revenue from Charges	351,905,036	374,852,800	374,852,800	399,635,600	24,782,800	6.6%	429,222,000	29,586,400	7.4%
Investment Earnings									
Unrestricted	13,343,940	6,692,200	10,181,800	7,884,400	1,192,200	17.8%	8,941,100	1,056,700	13.4%
Restricted for Debt Service	4,992,455	3,182,100	3,292,600	3,302,100	120,000	3.8%	3,483,100	181,000	5.5%
Total Investment Earnings	18,336,395	9,874,300	13,474,400	11,186,500	1,312,200	13.3%	12,424,200	1,237,700	11.1%
Other Operating Revenue	901,919	400,000	400,000	296,800	(103,200)	-25.8%	300,000	3,200	1.1%
Total Revenues	\$ 371,143,350	\$ 385,127,100	\$ 388,727,200	\$ 411,118,900	\$ 25,991,800	6.75%	\$ 441,946,200	\$ 30,827,300	7.5%
Revenue Requirements									
Operations & Maintenance Expense	\$ 161,037,183	\$ 169,625,000	\$ 172,625,000	\$ 182,456,000	\$ 12,831,000	7.6%	\$ 196,859,600	\$ 14,403,600	7.9%
Debt Service	160,622,417	175,300,800	163,455,000	183,083,000	7,782,200	4.4%	202,952,300	19,869,300	10.9%
General Retirement System Pension	1,505,500	2,283,300	1,653,300	1,622,200	(661,100)	-29.0%	1,450,400	(171,800)	-10.6%
Water Residential Assistance Program Contribution	1,851,600	1,947,800	1,876,500	1,989,700	41,900	2.2%	2,136,900	147,200	7.4%
Extraordinary Repair & Replacement Deposit	2,836,000	-	-	1,244,500	1,244,500	100.0%	1,892,200	647,700	52.0%
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	12,300,000	1,600,000	(4,600,000)	-74.2%	1,800,000	200,000	12.5%
Improvement & Extension Fund Transfer Pending	15,767,900	7,270,200	14,317,400	16,623,500	9,353,300	128.7%	12,354,800	(4,268,700)	-25.7%
Annual Water System Revenue Requirements	\$ 366,120,600	\$ 385,127,100	\$ 388,727,200	\$ 411,118,900	\$ 25,991,800	6.75%	\$ 441,946,200	\$ 30,827,300	7.5%

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	\$ 369,107,600	\$ 395,017,200	\$ 423,049,000	\$ 452,484,300	\$ 482,397,800
Local System Charges	25,537,200	27,094,800	27,094,800	30,528,000	34,204,800	38,316,500	42,634,100	47,021,800
Bad Debt Recovery Credit	(5,152,500)	-	-	-	-	-	-	-
Total Revenue from Charges	<u>351,905,036</u>	<u>374,852,800</u>	<u>374,852,800</u>	<u>399,635,600</u>	<u>429,222,000</u>	<u>461,365,500</u>	<u>495,118,400</u>	<u>529,419,600</u>
Investment Earnings								
Unrestricted	13,343,940	6,692,200	10,181,800	7,884,400	8,941,100	9,421,900	10,588,500	8,151,800
Restricted for Debt Service	4,992,455	3,182,100	3,292,600	3,302,100	3,483,100	3,997,400	4,697,100	3,484,700
Total Investment Earnings	<u>18,336,395</u>	<u>9,874,300</u>	<u>13,474,400</u>	<u>11,186,500</u>	<u>12,424,200</u>	<u>13,419,300</u>	<u>15,285,600</u>	<u>11,636,500</u>
Other Operating Revenue	901,919	400,000	400,000	296,800	300,000	300,000	300,000	300,000
Total Revenues	\$ 371,143,350	\$ 385,127,100	\$ 388,727,200	\$ 411,118,900	\$ 441,946,200	\$ 475,084,800	\$ 510,704,000	\$ 541,356,100
Revenue Requirements								
Operations & Maintenance Expense	\$ 161,037,183	\$ 169,625,000	\$ 172,625,000	\$ 182,456,000	\$ 196,859,600	\$ 202,024,500	\$ 203,633,700	\$ 207,982,700
Debt Service	160,622,417	175,300,800	163,455,000	183,083,000	202,952,300	210,377,100	226,304,800	235,295,400
General Retirement System Pension	1,505,500	2,283,300	1,653,300	1,622,200	1,450,400	1,306,700	1,275,600	1,874,500
Water Residential Assistance Program Contribution	1,851,600	1,947,800	1,876,500	1,989,700	2,136,900	2,296,800	2,464,800	2,635,400
Extraordinary Repair & Replacement Deposit	2,836,000	-	-	1,244,500	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	12,300,000	1,600,000	1,800,000	900,000	5,800,000	4,200,000
Improvement & Extension Fund Transfer Pending	15,767,900	7,270,200	14,317,400	16,623,500	12,354,800	35,679,700	48,725,100	66,868,100
Annual Water System Revenue Requirements	\$ 366,120,600	\$ 385,127,100	\$ 388,727,200	\$ 411,118,900	\$ 441,946,200	\$ 475,084,800	\$ 510,704,000	\$ 541,356,100
<i>Change in Annual Revenue Requirement</i>				6.75%	7.5%	7.5%	7.5%	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	\$ 300,296,400	\$ 12,778,800	4.4%	\$ 316,116,200	\$ 15,819,800	5.3%
Local System Charges	196,569,600	205,924,800	205,924,800	215,336,400	9,411,600	4.6%	227,368,700	12,032,300	5.6%
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	431,000	4.9%	9,644,600	494,300	5.4%
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	(321,700)	-5.9%	5,388,900	276,200	5.4%
Bad Debt Recovery Credit	(15,556,900)	-	-	-	-	0.0%	-	-	0.0%
Total Revenue from Charges	<u>476,485,804</u>	<u>507,596,100</u>	<u>507,596,100</u>	<u>529,895,800</u>	<u>22,299,700</u>	4.4%	<u>558,518,400</u>	<u>28,622,600</u>	5.4%
Investment Earnings									
Unrestricted	16,344,105	10,494,500	10,807,600	10,331,200	(163,300)	-1.6%	11,421,400	1,090,200	10.6%
Restricted for Debt Service	6,824,701	1,861,500	4,249,500	4,081,400	2,219,900	119.3%	4,319,900	238,500	5.8%
Total Investment Earnings	<u>23,168,806</u>	<u>12,356,000</u>	<u>15,057,100</u>	<u>14,412,600</u>	<u>2,056,600</u>	16.6%	<u>15,741,300</u>	<u>1,328,700</u>	9.2%
Other Operating Revenue	(827,846)	700,000	700,000	446,300	(253,700)	-36.2%	450,000	3,700	0.8%
Total Revenues	\$ 498,826,764	\$ 520,652,100	\$ 523,353,200	\$ 544,754,700	\$ 24,102,600	4.63%	\$ 574,709,700	\$ 29,955,000	5.5%
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	222,402,500	(3,876,900)	-1.7%	243,432,000	21,029,500	9.5%
General Retirement System Pension	3,096,800	4,846,300	3,718,800	3,648,800	(1,197,500)	-24.7%	3,262,300	(386,500)	-10.6%
Water Residential Assistance Program Contribution	2,503,104	2,651,700	2,541,500	2,638,500	(13,200)	-0.5%	2,780,900	142,400	5.4%
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	52,466,200	24,325,500	86.4%	48,646,600	(3,819,600)	-7.3%
Annual Sewer System Revenue Requirements	\$ 498,489,743	\$ 520,652,100	\$ 523,353,200	\$ 544,754,700	\$ 24,102,600	4.63%	\$ 574,709,700	\$ 29,955,000	5.5%

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	\$ 300,296,400	\$ 316,116,200	\$ 332,507,200	\$ 351,481,400	\$ 367,729,900
Local System Charges	196,569,600	205,924,800	205,924,800	215,336,400	227,368,700	239,658,600	253,885,200	266,068,200
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	9,644,600	10,153,600	10,742,800	11,247,300
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	5,388,900	5,673,300	6,002,500	6,284,400
Bad Debt Recovery Credit	(15,556,900)	-	-	-	-	-	-	-
Total Revenue from Charges	476,485,804	507,596,100	507,596,100	529,895,800	558,518,400	587,992,700	622,111,900	651,329,800
Investment Earnings								
Unrestricted	16,344,105	10,494,500	10,807,600	10,331,200	11,421,400	13,061,800	11,729,300	9,568,000
Restricted for Debt Service	6,824,701	1,861,500	4,249,500	4,081,400	4,319,900	4,801,200	5,356,300	3,901,900
Total Investment Earnings	23,168,806	12,356,000	15,057,100	14,412,600	15,741,300	17,863,000	17,085,600	13,469,900
Other Operating Revenue	(827,846)	700,000	700,000	446,300	450,000	450,000	450,000	450,000
Total Revenues	\$ 498,826,764	\$ 520,652,100	\$ 523,353,200	\$ 544,754,700	\$ 574,709,700	\$ 606,305,700	\$ 639,647,500	\$ 665,249,700
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	222,402,500	243,432,000	248,665,000	255,956,200	259,224,200
General Retirement System Pension	3,096,800	4,846,300	3,718,800	3,648,800	3,262,300	2,939,200	2,869,200	3,926,700
Water Residential Assistance Program Contribution	2,503,104	2,651,700	2,541,500	2,638,500	2,780,900	2,927,600	3,097,300	3,242,700
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	5,400,000	5,800,000	4,100,000
Improvement & Extension Fund Transfer Pending	13,399,600	28,140,700	39,408,200	52,466,200	48,646,600	61,682,400	82,360,800	99,466,600
Annual Water System Revenue Requirements	\$ 498,489,743	\$ 520,652,100	\$ 523,353,200	\$ 544,754,700	\$ 574,709,700	\$ 606,305,700	\$ 639,647,500	\$ 665,249,700
<i>Change in Annual Revenue Requirement</i>				4.63%	5.5%	5.5%	5.5%	4.0%

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	\$ 669,404,000	\$ 34,128,400	5.4%	\$ 711,133,400	\$ 41,729,400	6.2%
Local System Charges	222,106,800	233,019,600	233,019,600	245,864,400	12,844,800	5.5%	261,573,500	15,709,100	6.4%
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	431,000	4.9%	9,644,600	494,300	5.4%
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	(321,700)	-5.9%	5,388,900	276,200	5.4%
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>929,531,400</u>	<u>47,082,500</u>	5.3%	<u>987,740,400</u>	<u>58,209,000</u>	6.3%
Investment Earnings									
Unrestricted	29,688,045	17,186,700	20,989,400	18,215,600	1,028,900	6.0%	20,362,500	2,146,900	11.8%
Restricted for Debt Service	11,817,156	5,043,600	7,542,100	7,383,500	2,339,900	46.4%	7,803,000	419,500	5.7%
Total Investment Earnings	41,505,201	22,230,300	28,531,500	25,599,100	3,368,800	15.2%	28,165,500	2,566,400	10.0%
Other Operating Revenue	74,073	1,100,000	1,100,000	743,100	(356,900)	-32.4%	750,000	6,900	0.9%
Total Revenues	\$ 869,970,114	\$ 905,779,200	\$ 912,080,400	\$ 955,873,600	\$ 50,094,400	5.5%	\$ 1,016,655,900	\$ 60,782,300	6.4%
Revenue Requirements									
Operations & Maintenance Expense	\$383,710,916	\$398,559,000	\$404,059,000	\$418,554,700	\$19,995,700	5.0%	\$443,247,500	\$24,692,800	5.9%
Debt Service	389,938,919	401,580,200	382,205,700	405,485,500	3,905,300	1.0%	446,384,300	40,898,800	10.1%
General Retirement System Pension	4,602,300	7,129,600	5,372,100	5,271,000	(1,858,600)	-26.1%	4,712,700	(558,300)	-10.6%
Water Residential Assistance Program Contribution	4,354,704	4,599,500	4,418,000	4,628,200	28,700	0.6%	4,917,800	289,600	6.3%
Extraordinary Repair & Replacement Deposit	2,836,000	-	-	1,244,500	1,244,500	100.0%	1,892,200	647,700	52.0%
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	12,300,000	1,600,000	(6,900,000)	-81.2%	4,500,000	2,900,000	181.3%
Improvement & Extension Fund Transfer Pending	29,167,500	35,410,900	53,725,600	69,089,700	33,678,800	95.1%	61,001,400	(8,088,300)	-11.7%
Annual Water & Sewer System Revenue Requirements	\$ 864,610,343	\$ 905,779,200	\$ 912,080,400	\$ 955,873,600	\$ 50,094,400	5.5%	\$ 1,016,655,900	\$ 60,782,300	6.4%

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	\$ 669,404,000	\$ 711,133,400	\$ 755,556,200	\$ 803,965,700	\$ 850,127,700
Local System Charges	222,106,800	233,019,600	233,019,600	245,864,400	261,573,500	277,975,100	296,519,300	313,090,000
Industrial Waste Control Charges	8,617,495	8,719,300	8,719,300	9,150,300	9,644,600	10,153,600	10,742,800	11,247,300
Pollutant Surcharges	4,088,519	5,434,400	5,434,400	5,112,700	5,388,900	5,673,300	6,002,500	6,284,400
Bad Debt Recovery Credit	(20,709,400)	-	-	-	-	-	-	-
Total Revenue from Charges	828,390,840	882,448,900	882,448,900	929,531,400	987,740,400	1,049,358,200	1,117,230,300	1,180,749,400
Investment Earnings								
Unrestricted	29,688,045	17,186,700	20,989,400	18,215,600	20,362,500	22,483,700	22,317,800	17,719,800
Restricted for Debt Service	11,817,156	5,043,600	7,542,100	7,383,500	7,803,000	8,798,600	10,053,400	7,386,600
Total Investment Earnings	41,505,201	22,230,300	28,531,500	25,599,100	28,165,500	31,282,300	32,371,200	25,106,400
Other Operating Revenue	74,073	1,100,000	1,100,000	743,100	750,000	750,000	750,000	750,000
Total Revenues	\$ 869,970,114	\$ 905,779,200	\$ 912,080,400	\$ 955,873,600	\$ 1,016,655,900	\$ 1,081,390,500	\$ 1,150,351,500	\$ 1,206,605,800
Revenue Requirements								
Operations & Maintenance Expense	\$383,710,916	\$398,559,000	\$404,059,000	\$418,554,700	\$443,247,500	\$458,886,800	\$465,697,700	\$475,772,200
Debt Service	389,938,919	401,580,200	382,205,700	405,485,500	446,384,300	459,042,100	482,261,000	494,519,600
General Retirement System Pension	4,602,300	7,129,600	5,372,100	5,271,000	4,712,700	4,245,900	4,144,800	5,801,200
Water Residential Assistance Program Contribution	4,354,704	4,599,500	4,418,000	4,628,200	4,917,800	5,224,400	5,562,100	5,878,100
Extraordinary Repair & Replacement Deposit	2,836,000	-	-	1,244,500	1,892,200	329,200	-	-
Regional System Lease	50,000,000	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	12,300,000	1,600,000	4,500,000	6,300,000	11,600,000	8,300,000
Improvement & Extension Fund Transfer Pending	29,167,500	35,410,900	53,725,600	69,089,700	61,001,400	97,362,100	131,085,900	166,334,700
Annual Water & Sewer System Revenue Requirements	\$ 864,610,339	\$ 905,779,200	\$ 912,080,400	\$ 955,873,600	\$ 1,016,655,900	\$ 1,081,390,500	\$ 1,150,351,500	\$ 1,206,605,800
<i>Change in Annual Revenue Requirement</i>				5.5%	6.4%	6.4%	6.4%	4.9%

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 2/17/25 Audit Committee
Inflows			
Transfers in from Water Operations Fund			
Revenue Transfers	\$ 16,598,000	\$ 25,500	\$ 16,623,500
Investment Earnings	<u>3,270,800</u>	<u>1,033,900</u>	<u>4,304,700</u>
Total Inflows	<u>19,868,800</u>	<u>1,059,400</u>	<u>20,928,200</u>
Outflows			
Capital outlay	13,738,000	(2,046,600)	11,691,400
Transfers out to Water Operations Fund		-	-
Investment Earnings	3,270,800	1,033,900	4,304,700
Transfer out to Water Construction Fund		-	-
Revenue Financed Capital	<u>9,250,000</u>	<u>-</u>	<u>9,250,000</u>
Total Outflows	<u>26,258,800</u>	<u>(1,012,700)</u>	<u>25,246,100</u>
Net Inflow (Outflow) - Use of I&E Funds	\$ (6,390,000)	\$ 2,072,100	\$ (4,317,900)

*Increase based on modifications to other Revenue Requirements
Increase in investment earnings due to anticipated increase in revenue transfers during FY 2025*

Reduction based on budget review

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

Revised 5A – Water Improvement and Extension Fad

Water Improvement & Extension Fund	Adopted Budget	Proposed Budget		Projected		
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inflows						
Transfers in from Water Operations Fund						
Revenue Transfers	\$ 7,270,200	\$ 16,623,500	\$ 12,354,800	\$ 35,679,700	\$ 48,725,100	\$ 66,868,100
Investment Earnings	938,700	4,304,700	3,998,200	4,018,500	4,744,800	3,987,800
Total Inflows	8,208,900	20,928,200	16,353,000	39,698,200	53,469,900	70,855,900
Outflows						
Capital outlay	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	4,304,700	3,998,200	4,018,500	4,744,800	3,987,800
Transfer out to Water Construction Fund						
Revenue Financed Capital	15,000,000	9,250,000	11,750,000	14,500,000	11,000,000	7,250,000
Total Outflows	26,466,500	25,246,100	23,787,300	28,056,300	24,488,100	20,001,900
Net Inflow (Outflow) - Use of I&E Funds	\$ (18,257,600)	(4,317,900)	(7,434,300)	11,641,900	28,981,800	50,854,000
Beginning Cash Available		130,641,900	126,324,000	118,889,700	130,531,600	159,513,400
Projected Ending Cash Available		\$ 126,324,000	\$ 118,889,700	\$ 130,531,600	\$ 159,513,400	\$ 210,367,400

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 2/17/25 Audit Committee
Inflows			
Transfers in from Water Operations Fund			
Revenue Transfers	\$ 50,583,200	\$ 1,883,000	\$ 52,466,200
Investment Earnings	5,243,900	(72,400)	5,171,500
Total Inflows	<u>55,827,100</u>	<u>1,810,600</u>	<u>57,637,700</u>
Outflows			
Capital outlay			
Transfers out to Water Operations Fund	14,089,800	(2,310,300)	11,779,500
Investment Earnings	5,243,900	(72,400)	5,171,500
Transfer out to Water Construction Fund			
Revenue Financed Capital	8,750,000	-	8,750,000
Total Outflows	<u>28,083,700</u>	<u>(2,382,700)</u>	<u>25,701,000</u>
Net Inflow (Outflow) - Use of I&E Funds	\$ 27,743,400	\$ 4,193,300	\$ 31,936,700

Increase based on modifications to other Revenue Requirements

Reduction based on budget review

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

Revised 5B – Sewer Improvement and Extension Fund

Sewer Improvement & Extension Fund	Adopted Budget	Proposed Budget		Projected		
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Inflows						
Transfers in from Water Operations Fund						
Revenue Transfers	\$ 28,140,700	\$ 52,466,200	\$ 48,646,600	\$ 61,682,400	\$ 82,360,800	\$ 99,466,600
Investment Earnings	1,076,000	5,171,500	5,978,200	7,157,700	5,171,400	4,912,800
Total Inflows	29,216,700	57,637,700	54,624,800	68,840,100	87,532,200	104,379,400
Outflows						
Capital outlay	12,071,300	11,779,500	14,016,000	15,692,400	8,163,300	8,163,200
Transfers out to Water Operations Fund						
Investment Earnings	1,076,000	5,171,500	5,978,200	7,157,700	5,171,400	4,912,800
Transfer out to Water Construction Fund						
Revenue Financed Capital	5,500,000	8,750,000	11,750,000	115,490,600	19,949,500	126,642,400
Total Outflows	18,647,300	25,701,000	31,744,200	138,340,700	33,284,200	139,718,400
Net Inflow (Outflow) - Use of I&E Funds	\$ 10,569,400	31,936,700	22,880,600	(69,500,600)	54,248,000	(35,339,000)
Beginning Cash Available		156,948,900	188,885,600	211,766,200	142,265,600	196,513,600
Projected Ending Cash Available		\$ 188,885,600	\$ 211,766,200	\$ 142,265,600	\$ 196,513,600	\$ 161,174,600

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 2/17/25 Audit Committee
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	-	350,000,000
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	(279,900)	13,807,900
Total Inflows	<u>393,996,600</u>	<u>(17,269,500)</u>	<u>376,727,100</u>
Outflows			
Capital Program	185,000,000	-	185,000,000
Transfers out to Water Operations Fund			
Bond Cost of Issuance	2,625,000	-	2,625,000
Total Outflows	<u>187,625,000</u>	<u>-</u>	<u>187,625,000</u>
Net Inflow (Outflow) - Use of Construction Funds	\$ 206,371,600	\$ (17,269,500)	\$ 189,102,100

Updated based upon current Michigan Finance Authority SRF schedules and capital project spending

Revised 5C – Water Construction Fund

Water Construction Fund	Adopted Budget	Proposed Budget		Projected		
	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	\$ 11,000,000	\$ 7,250,000
Transfers in from Water Operations Fund						
Bond Proceeds	271,562,500	350,000,000	-	350,000,000	-	200,000,000
State Revolving Loans	30,800,000	1,369,200	-	-	-	-
Grants and Capital Contributions	-	2,300,000	2,000,000	-	-	-
Investment Earnings	7,953,300	13,807,900	12,972,900	11,768,200	10,591,500	5,696,100
Total Inflows	325,315,800	376,727,100	26,722,900	376,268,200	21,591,500	212,946,100
Outflows						
Capital Program	210,000,000	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	-	2,625,000	-	2,625,000	-	1,500,000
Total Outflows	210,000,000	187,625,000	235,000,000	292,625,000	220,000,000	146,500,000
Net Inflow (Outflow) - Use of Construction Funds	\$ 115,315,800	189,102,100	(208,277,100)	83,643,200	(198,408,500)	66,446,100
Beginning Cash Available		331,408,443	520,510,543	312,233,443	395,876,643	197,468,143
Projected Ending Cash Available		\$ 520,510,543	\$ 312,233,443	\$ 395,876,643	\$ 197,468,143	\$ 263,914,243

Updates to this schedule are related to updated SRF draws and investment earnings.

FY 2026 Sewer Construction Crosswalk

Sewer Construction Fund	Initial Proposed Budget 1/6/25 Audit Committee	Modifications	Revised Proposed Budget 2/17/25 Audit Committee
Inflows			
Transfers in from Water Improvement & Extension Fund			
Revenue Financed Capital	\$ 8,750,000	\$ -	\$ 8,750,000
Transfers in from Water Operations Fund			
Bond Proceeds	150,000,000	-	150,000,000
State Revolving Loans	66,931,100	(13,994,500)	52,936,600
Grants and Capital Contributions	21,676,000	1,515,650	23,191,650
Investment Earnings	6,319,700	(183,400)	6,136,300
Total Inflows	<u>253,676,800</u>	<u>(12,662,250)</u>	<u>241,014,550</u>
Outflows			
Capital Program	175,000,000	-	175,000,000
Transfers out to Water Operations Fund			
Bond Cost of Issuance	1,125,000	-	1,125,000
Total Outflows	<u>176,125,000</u>	<u>-</u>	<u>176,125,000</u>
Net Inflow (Outflow) - Use of Construction Funds	\$ 77,551,800	\$ (12,662,250)	\$ 64,889,550

Updated based upon current Michigan Finance Authority SRF schedules and capital project spending

Updated based upon current activity

Revised 5D – Sewer Construction Fund

Sewer Construction Fund	Adopted Budget	Proposed Budget		Projected		
	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	\$ 8,750,000	\$ 11,750,000	\$ 115,490,600	\$ 19,949,500	\$ 126,642,400
Transfers in from Water Operations Fund						
Bond Proceeds	271,562,500	150,000,000	-	150,000,000	-	100,000,000
State Revolving Loans	30,800,000	52,936,600	99,745,500	103,800,000	93,684,600	50,700,000
Grants and Capital Contributions	-	23,191,650	-	-	-	-
Investment Earnings	7,953,300	6,136,300	5,063,700	4,897,100	4,386,800	2,442,100
Total Inflows	325,315,800	241,014,550	116,559,200	374,187,700	118,020,900	279,784,500
Outflows						
Capital Program	210,000,000	175,000,000	235,000,000	285,000,000	255,000,000	190,000,000
Transfers out to Water Operations Fund						
Bond Cost of Issuance	-	1,125,000	-	1,125,000	-	750,000
Total Outflows	210,000,000	176,125,000	235,000,000	286,125,000	255,000,000	190,750,000
Net Inflow (Outflow) - Use of Construction Funds	\$ 115,315,800	64,889,550	(118,440,800)	88,062,700	(136,979,100)	89,034,500
Beginning Cash Available		156,854,438	221,743,988	103,303,188	191,365,888	54,386,788
Projected Ending Cash Available		\$ 221,743,988	\$ 103,303,188	\$ 191,365,888	\$ 54,386,788	\$ 143,421,288

Updates to this schedule are related to updated SRF draws and investment earnings.

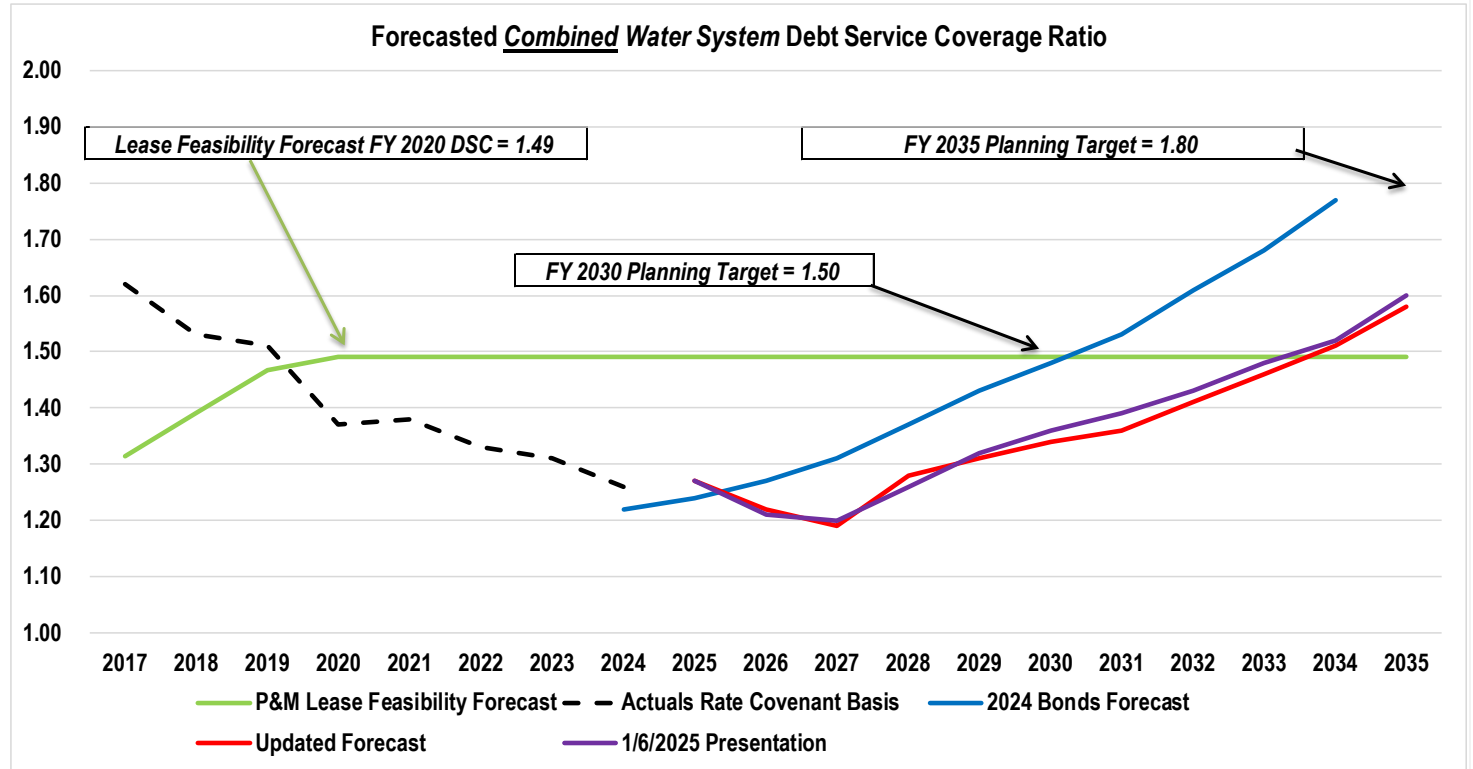
Water Updated Preliminary Ten-Year Forecast

💧 The decrease in charges revenue from the January 6th version carries over to future years, thereby resulting in a decrease in the debt service coverage over time.

💧 The debt service reduction for 2026 which allowed the decrease in charges only relates to 2026 and does not carryforward to future year savings.

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%	3.0%	3.4%	3.7%	3.9%	3.9%	3.9%	3.9%	4.0%	4.0%		
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										6.75%	7.5%	7.5%	7.5%	6.0%	4.0%	4.0%	5.0%	5.0%	4.0%		
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										6.96%	7.4%	7.5%	7.3%	6.9%	4.3%	3.8%	5.1%	5.0%	4.5%		
Regional Actual/Forecasted Days Cash	959	1,066	1,058	1,086	1,043	632	573	640	552	520	475	485	544	629	724	680	685	462	517		
New Money Bonds needed (millions)											\$ 300	\$ 350	\$ -	\$ 350	\$ -	\$ 200	\$ -	\$ 150	\$ -		
Capital Projects Spend Forecast (millions)											\$ 190	\$ 185	\$ 235	\$ 290	\$ 220	\$ 145	\$ 155	\$ 190	\$ 275	\$ 265	\$ 240



Water Updated Preliminary Ten-Year Forecast

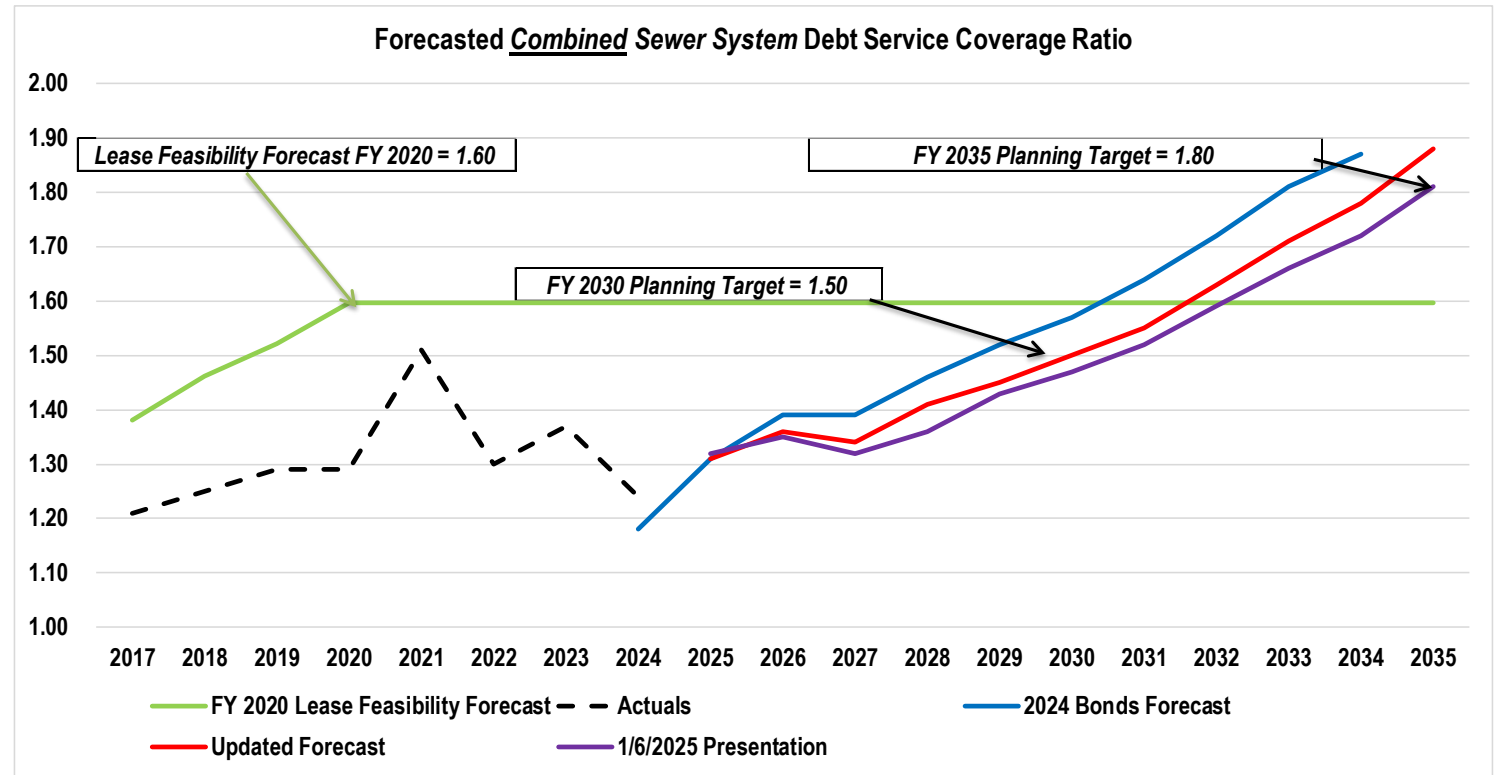
GLWA Regional Water System												
	Adopted 2025	Forecasted										
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues												
Revenue from Charges												
1 Wholesale Charges	\$ 347,758,000	\$ 347,758,000	\$ 369,107,600	\$ 395,017,200	\$ 423,049,000	\$ 452,484,300	\$ 482,397,800	\$ 502,247,900	\$ 520,704,000	\$ 546,440,600	\$ 572,954,500	\$ 597,682,700
2 Local System Charges	27,094,800	27,094,800	30,528,000	34,204,800	38,316,500	42,634,100	47,021,800	49,933,400	52,640,500	56,415,500	60,304,600	63,931,700
3 Total Revenue from Water Charges	374,852,800	374,852,800	399,635,600	429,222,000	461,365,500	495,118,400	529,419,600	552,181,300	573,344,500	602,856,100	633,259,100	661,614,400
Investment Earnings												
4 Unrestricted	6,692,200	10,181,800	7,884,400	8,941,100	9,421,900	10,588,500	8,151,800	7,611,400	8,864,300	8,505,000	8,727,400	6,143,900
5 Restricted	3,182,100	3,292,600	3,302,100	3,483,100	3,997,400	4,697,100	3,484,700	2,935,700	3,054,800	3,199,500	3,338,000	3,427,800
6 Total Investment Earnings	9,874,300	13,474,400	11,186,500	12,424,200	13,419,300	15,285,600	11,636,500	10,547,100	11,919,100	11,704,500	12,065,400	9,571,700
7 Other Operating Revenue	400,000	400,000	296,800	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
8 Total Revenues	385,127,100	388,727,200	411,118,900	441,946,200	475,084,800	510,704,000	541,356,100	563,028,400	585,563,600	614,860,600	645,624,500	671,486,100
Revenue Requirements												
9 Operations & Maintenance Expense	169,625,000	172,625,000	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	163,455,000	183,083,000	202,952,300	210,377,100	226,304,800	235,295,400	244,462,600	247,874,000	256,921,700	263,046,700	263,740,300
11 General Retirement System Pension	2,283,300	1,653,300	1,622,200	1,450,400	1,306,700	1,275,600	1,874,500	1,843,400	1,812,300	1,781,100	1,750,000	1,597,300
Water Residential Assistance												
12 Program Contribution	1,947,800	1,876,500	1,989,700	2,136,900	2,296,800	2,464,800	2,635,400	2,748,700	2,854,000	3,000,800	3,152,000	3,293,100
Extraordinary Repair &												
13 Replacement Deposit	0	0	1,244,500	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	12,300,000	1,600,000	1,800,000	900,000	5,800,000	4,200,000	3,500,000	2,800,000	3,700,000	3,200,000	2,400,000
Improvement & Extension Fund												
16 Transfer Pending	7,270,200	14,317,400	16,623,500	12,354,800	35,679,700	48,725,100	66,868,100	75,831,300	91,338,100	106,244,100	126,848,600	148,325,700
17 Total Revenue Requirements	385,127,100	388,727,200	411,118,900	441,946,200	475,084,800	510,704,000	541,356,100	563,028,400	585,563,600	614,860,600	645,624,500	671,486,100
Debt Service Coverage Projections - Rate Covenant Basis (Regional Water System)												
18 All Bonds, including SRF	1.23	1.32	1.25	1.21	1.30	1.36	1.42	1.44	1.49	1.53	1.60	1.68

Sewer Updated Preliminary Ten-Year Forecast

Decrease of \$6 million in proposed O&M budget for 2026 is driving the increase in the debt service coverage from the January 6th proposed budget.

This provides opportunity to rebalance the debt to paygo funding

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%	2.1%	1.8%	1.9%	1.8%	1.1%	1.1%	1.5%	1.7%	2.0%	2.3%	2.6%	2.8%	2.9%	3.0%	3.0%	3.1%	3.1%	3.2%	
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										4.6%	5.5%	5.5%	5.5%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	
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										4.5%	5.4%	5.3%	5.8%	4.7%	4.6%	3.8%	4.1%	3.9%	4.0%	
Regional Actual/Forecasted Days Cash	495	432	495	593	664	574	521	571	519	558	572	459	533	479	583	568	634	631	605	
New Money Bonds needed (millions)										\$ 50	\$ 150	\$ -	\$ 150	\$ -	\$ 100	\$ -	\$ 50	\$ -	\$ -	\$ -
Capital Projects Spend Forecast (millions)										\$ 170	\$ 175	\$ 235	\$ 285	\$ 255	\$ 190	\$ 160	\$ 140	\$ 140	\$ 165	\$ 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	300,296,400	316,116,200	332,507,200	351,481,400	367,729,900	384,307,100	398,716,500	414,704,300	430,623,900	447,809,400
2 Local System Charges	205,924,800	205,924,800	215,336,400	227,368,700	239,658,600	253,885,200	266,068,200	278,497,500	289,301,500	301,288,900	313,225,300	326,110,800
3 Industrial Waste Charges	8,719,300	8,719,300	9,150,300	9,644,600	10,153,600	10,742,800	11,247,300	11,762,000	12,209,400	12,705,800	13,200,100	13,733,700
4 Pollutant Surcharges	5,434,400	5,434,400	5,112,700	5,388,900	5,673,300	6,002,500	6,284,400	6,572,000	6,822,000	7,099,400	7,375,600	7,673,800
Total Revenue from												
5 Sewer Charges	507,596,100	507,596,100	529,895,800	558,518,400	587,992,700	622,111,900	651,329,800	681,138,600	707,049,400	735,798,400	764,424,900	795,327,700
Investment Earnings												
6 Unrestricted	10,494,500	10,807,600	10,331,200	11,421,400	13,061,800	11,729,300	9,568,000	7,029,700	8,718,900	8,675,500	9,866,900	10,028,800
7 Restricted	1,861,500	4,249,500	4,081,400	4,319,900	4,801,200	5,356,300	3,901,900	3,276,900	3,382,700	3,494,400	3,643,500	3,747,100
8 Total Investment Earnings	12,356,000	15,057,100	14,412,600	15,741,300	17,863,000	17,085,600	13,469,900	10,306,600	12,101,600	12,169,900	13,510,400	13,775,900
6 Other Operating Revenue	700,000	700,000	446,300	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	544,754,700	574,709,700	606,305,700	639,647,500	665,249,700	691,895,200	719,601,000	748,418,300	778,385,300	809,553,600
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	222,402,500	243,432,000	248,665,000	255,956,200	259,224,200	264,292,300	265,933,000	268,085,500	273,111,600	272,471,000
12 General Retirement System Pension	4,846,300	3,718,800	3,648,800	3,262,300	2,939,200	2,869,200	3,926,700	3,856,800	3,786,800	3,716,800	3,646,800	3,430,600
Water Residential Assistance												
13 Program Contribution	2,651,700	2,541,500	2,638,500	2,780,900	2,927,600	3,097,300	3,242,700	3,391,000	3,519,900	3,662,900	3,805,300	3,959,100
Extraordinary Repair &												
14 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	5,400,000	5,800,000	4,100,000	3,600,000	3,200,000	3,300,000	3,900,000	2,900,000
Improvement & Extension Fund												
17 Transfer Pending	28,140,700	39,408,200	52,466,200	48,646,600	61,682,400	82,360,800	99,466,600	116,109,800	137,053,100	157,972,700	175,898,900	203,631,600
18 Total Revenue Requirements	520,652,100	523,353,200	544,754,700	574,709,700	606,305,700	639,647,500	665,249,700	691,895,200	719,601,000	748,418,300	778,385,300	809,553,600
Debt Service Coverage Projections - Rate Covenant Basis (Regional Sewer System)												
19 All Bonds, including SRF	1.29	1.33	1.39	1.35	1.41	1.48	1.53	1.58	1.66	1.73	1.79	1.89



Trend Analysis – Past, Present, and Future

Trend Analysis – Water System Revenue Requirements

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Budget	FY 2026 Proposed
Revenues						
Revenue from Charges						
Wholesale Charges	\$ 315,771,515	\$ 316,529,785	\$ 334,141,233	\$ 331,520,336	\$ 347,758,000	\$ 369,107,600
Local System Charges	21,925,500	21,697,300	22,834,300	25,537,200	27,094,800	30,528,000
Bad Debt Recovery Credit	-	-	-	(5,152,500)	-	-
Total Revenue from Charges	<u>337,697,015</u>	<u>338,227,085</u>	<u>356,975,533</u>	<u>351,905,036</u>	<u>374,852,800</u>	<u>399,635,600</u>
Investment Earnings						
Unrestricted	3,991,294	1,667,440	3,660,022	13,343,940	6,692,200	7,884,400
Restricted for Debt Service	204,011	278,173	5,501,592	4,992,455	3,182,100	3,302,100
Total Investment Earnings	<u>4,195,305</u>	<u>1,945,613</u>	<u>9,161,614</u>	<u>18,336,395</u>	<u>9,874,300</u>	<u>11,186,500</u>
Other Revenue	267,562	775,537	1,378,706	901,919	400,000	296,800
Total Revenues	<u><u>\$342,159,882</u></u>	<u><u>\$340,948,235</u></u>	<u><u>\$367,515,853</u></u>	<u><u>\$371,143,350</u></u>	<u><u>\$ 385,127,100</u></u>	<u><u>\$ 411,118,900</u></u>
Revenue Requirements						
Operations and Maintenance Expense	\$ 118,840,855	\$ 136,436,567	\$ 154,327,770	\$ 161,037,183	\$ 169,625,000	\$ 182,456,000
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	\$ 183,083,000
General Retirement System Pension	6,268,300	6,268,300	6,268,300	1,505,500	2,283,300	1,622,200
Water Residential Assistance Program	1,669,400	1,705,500	1,770,500	1,851,600	1,947,800	1,989,700
Extraordinary Repair & Replacement Deposit	-	-	2,200,000	2,836,000	-	1,244,500
Working Capital Requirement	-	-	-	-	6,200,000	1,600,000
Regional System Lease	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	16,623,500
Total Revenue Requirements	<u><u>\$328,521,763</u></u>	<u><u>\$332,737,927</u></u>	<u><u>\$366,935,870</u></u>	<u><u>\$366,120,600</u></u>	<u><u>\$ 385,127,100</u></u>	<u><u>\$ 411,118,900</u></u>
Revenue Requirement Variance	<u><u>\$ 13,638,119</u></u>	<u><u>\$ 8,210,308</u></u>	<u><u>\$ 579,983</u></u>	<u><u>\$ 5,022,750</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

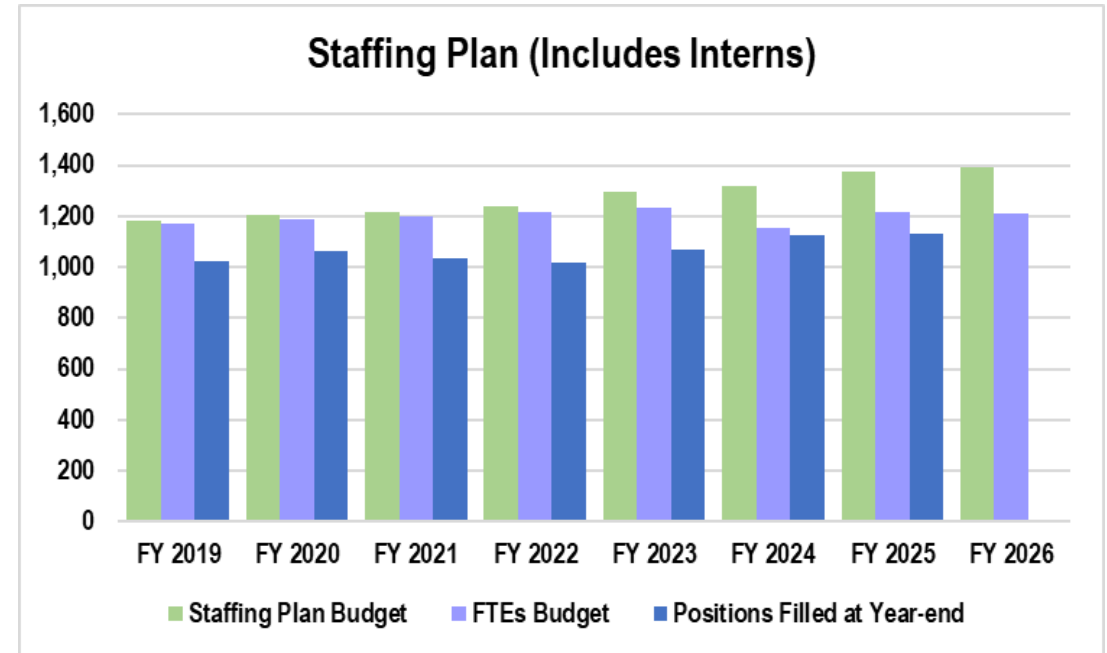
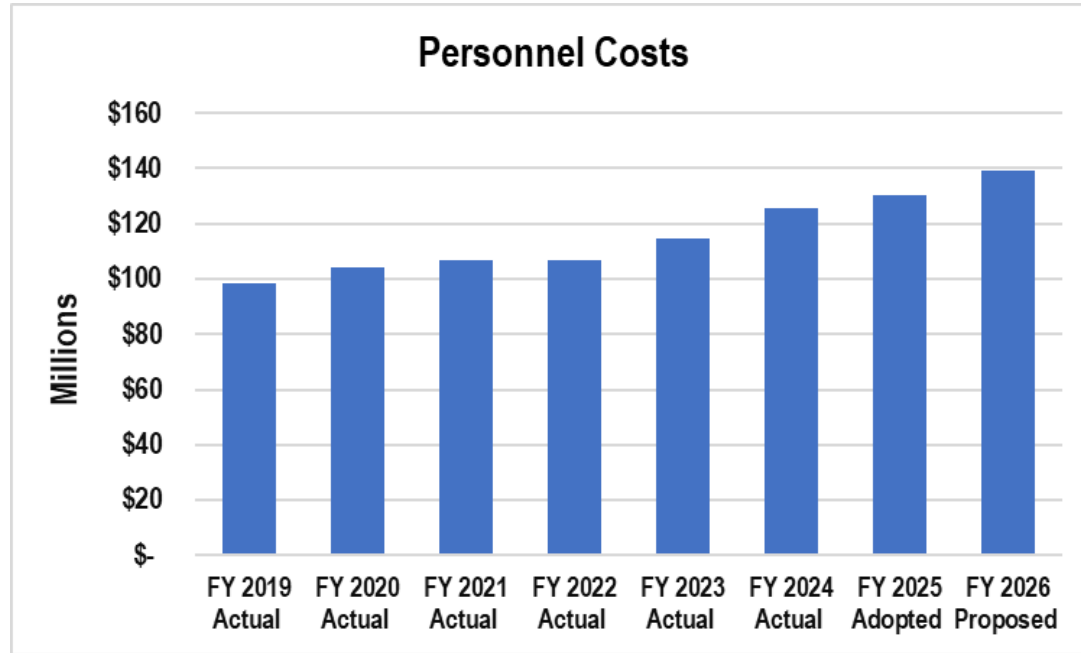
- ◆ The increase in O&M expense has reduced the amount of funds available for PAYGO capital financing resulting in increased debt financing to fund capital improvements.
- ◆ This is the main reason for the increase in debt service.

Trend Analysis – Sewer System Revenue Requirements

	FY 2021 Actual	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Budget	FY 2026 Proposed
Revenues						
Revenue from Charges						
Wholesale Charges	\$ 267,567,816	\$ 268,813,369	\$ 275,917,502	\$ 282,767,090	\$ 287,517,600	\$ 300,296,400
Wholesale Charges Other	\$ 5,960,000					
Local System Charges	187,959,700	188,662,200	191,042,200	196,569,600	205,924,800	215,336,400
Industrial Waste Control	8,004,939	8,300,278	8,393,103	8,617,495	8,719,300	9,150,300
Pollutant Surcharges	6,719,964	5,181,816	4,894,567	4,088,519	5,434,400	5,112,700
Bad Debt Recovery Credit	-	-	-	(15,556,900)	-	-
Total Revenue from Charges	<u>476,212,419</u>	<u>470,957,663</u>	<u>480,247,372</u>	<u>476,485,804</u>	<u>507,596,100</u>	<u>529,895,800</u>
Investment Earnings						
Unrestricted	2,224,824	1,290,856	4,102,394	16,344,105	10,494,500	10,331,200
Restricted for Debt Service	577,217	551,619	8,395,898	6,824,701	1,861,500	4,081,400
Total Investment Earnings	<u>2,802,041</u>	<u>1,842,475</u>	<u>12,498,292</u>	<u>23,168,806</u>	<u>12,356,000</u>	<u>14,412,600</u>
Other Revenue	2,217,405	817,448	4,901,316	(827,846)	700,000	446,300
Total Revenues	<u>\$481,231,865</u>	<u>\$473,617,586</u>	<u>\$497,646,980</u>	<u>\$498,826,764</u>	<u>\$ 520,652,100</u>	<u>\$ 544,754,700</u>
Revenue Requirements						
Operations and Maintenance Expense	\$ 172,312,815	\$ 182,862,055	\$ 207,330,215	\$ 222,673,733	\$ 228,934,000	\$ 236,098,700
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	222,402,500
General Retirement System Pension	11,620,700	11,620,700	11,620,700	3,096,800	4,846,300	3,648,800
Water Residential Assistance Program	2,415,100	2,358,300	2,394,200	2,503,104	2,651,700	2,638,500
Extraordinary Repair & Replacement Deposit	-	-	-	-	-	-
Working Capital Requirement	-	-	-	-	2,300,000	-
Regional System Lease	27,500,000	27,500,000	27,500,000	27,500,004	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	52,466,200
Total Revenue Requirements	<u>\$469,360,398</u>	<u>\$465,079,206</u>	<u>\$498,575,015</u>	<u>\$498,489,743</u>	<u>\$ 520,652,100</u>	<u>\$ 544,754,700</u>
Revenue Requirement Variance	<u>\$ 11,871,467</u>	<u>\$ 8,538,380</u>	<u>\$ (928,035)</u>	<u>\$ 337,021</u>	<u>\$ -</u>	<u>\$ -</u>

- ◆ 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 – O&M Personnel

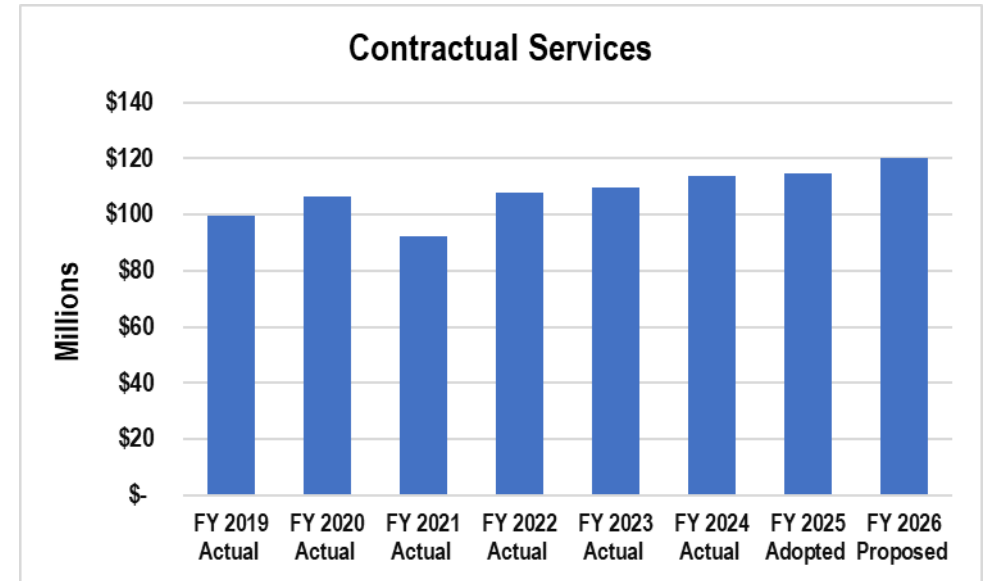


FY 2025 Positions filled at year end as of 1/24/2025.

- 💧 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)

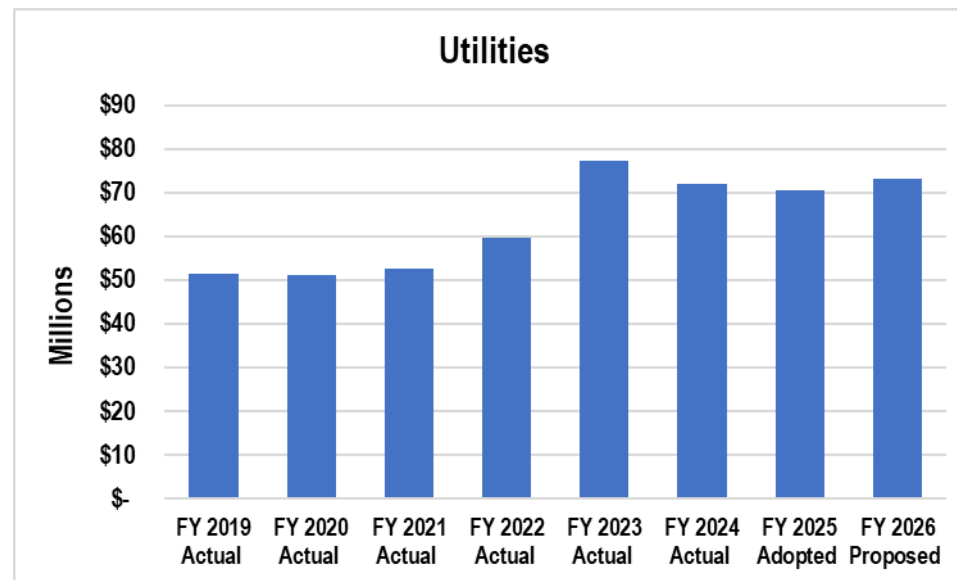
- ◆ Safeguarding of the Information Technology infrastructure through remote storage and backup protecting against external threats and interruptions
- ◆ Staff augmentation in various technical and operational areas to supplement our team members to achieve targeted goals in maintenance and infrastructure 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

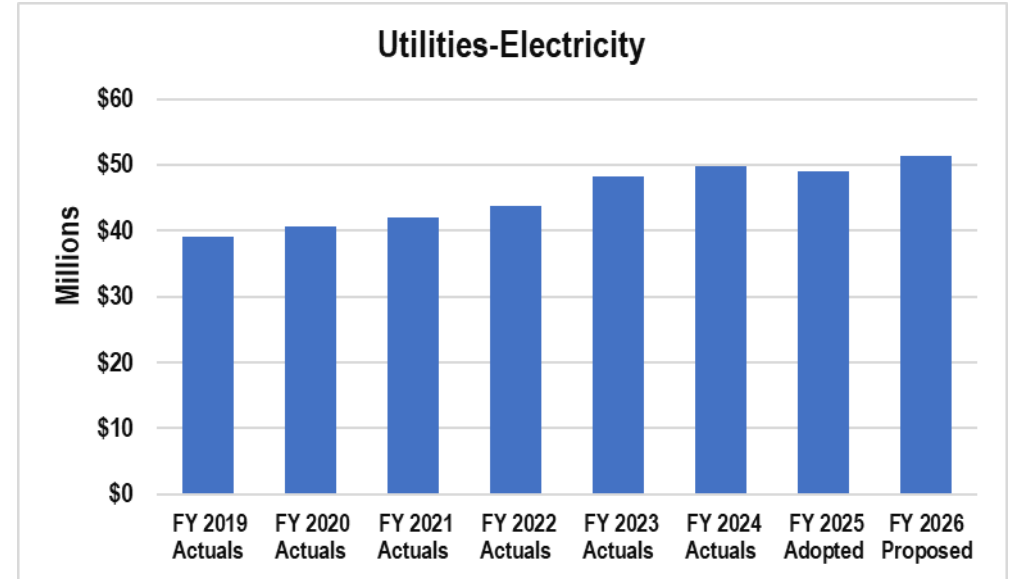
💧 Like many other cost categories, utilities are non-discretionary.



Trend Analysis – O&M Utilities

Electricity

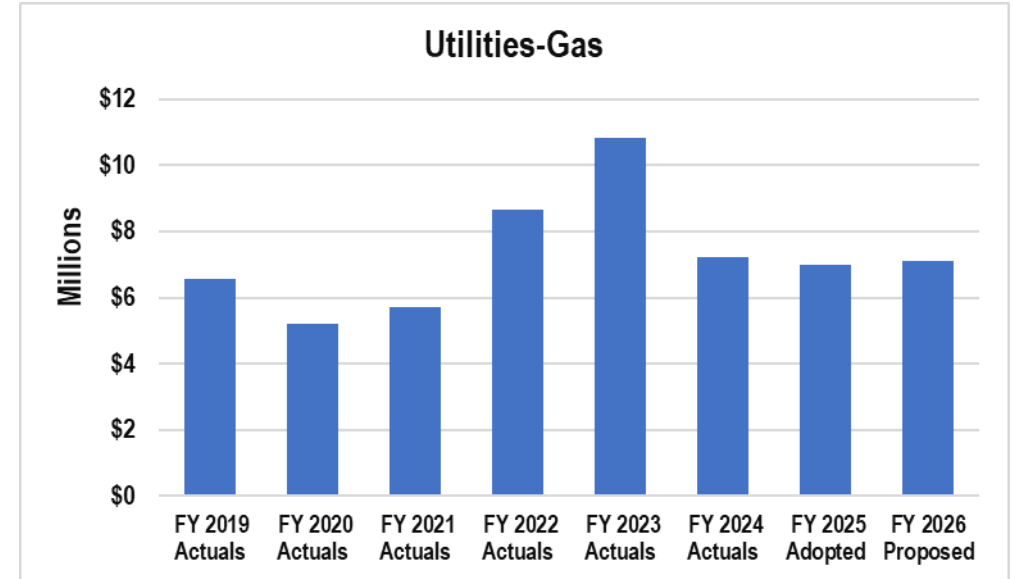
- Water Operations electrical usage is primarily associated with water distribution
- Peak production season (summer) results in higher electrical usage at the Water Treatment Plants (WTPs) and Pump Stations (Treated Water Transmission System)
- Wastewater electrical usage is more consistent than the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



Trend Analysis – O&M Utilities

Natural Gas

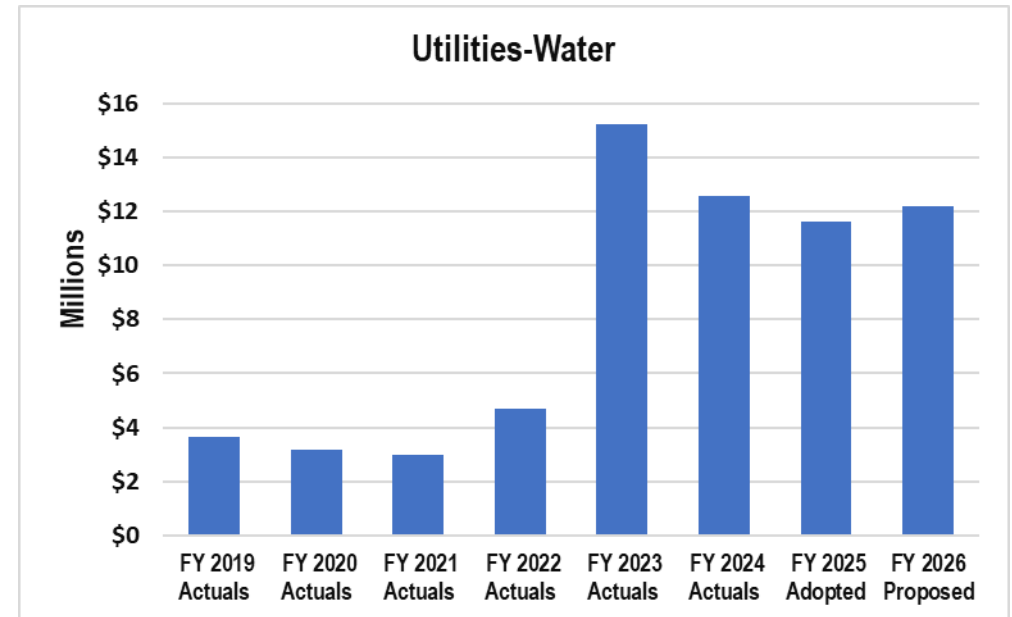
- GLWA has negotiated and locked in gas pricing for fixed periods (1 – 2 years), minimizing the effect of market volatility
- 80% of anticipated volume for FY 2025 has been locked in at an average rate of \$3.00 per mmBTU, \$.04 lower than the rate locked in for FY 2024
- GLWA can effectively estimate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



Trend Analysis – O&M Utilities

Water

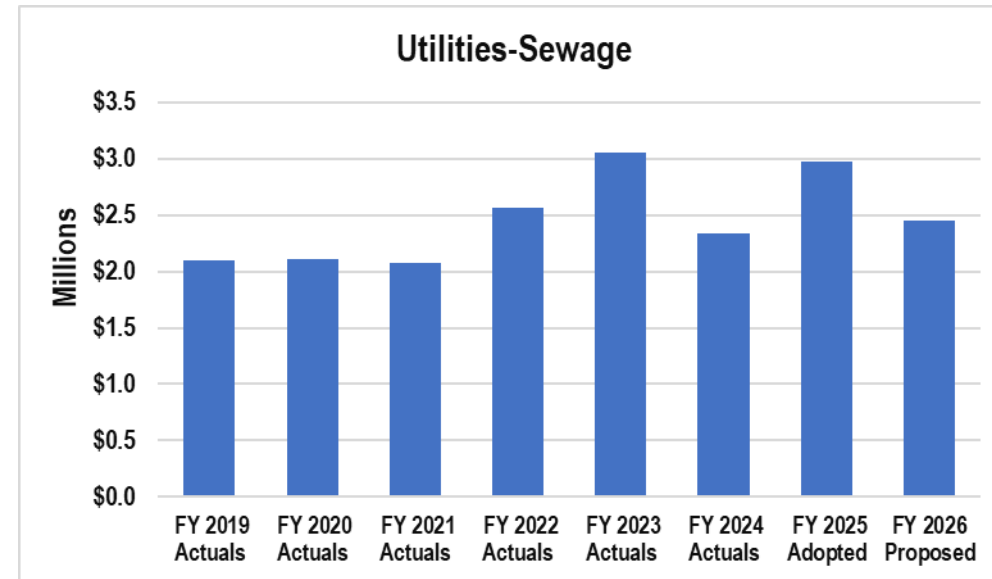
- 💧 Meters have been replaced at the Chlorination/De-chlorination facility and WRRF to ensure correct reads and billing working with DWSD to resolve metering issues for all facilities serviced
- 💧 The meter replacement resulted in more accurate readings & billing, primarily at the Water Resource Recovery 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

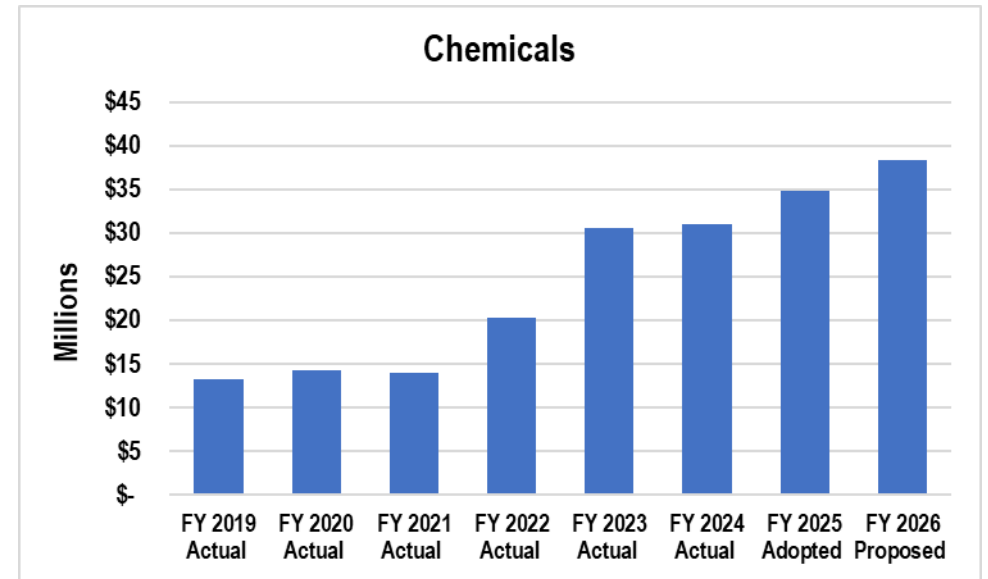
Sewage

- 💧 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



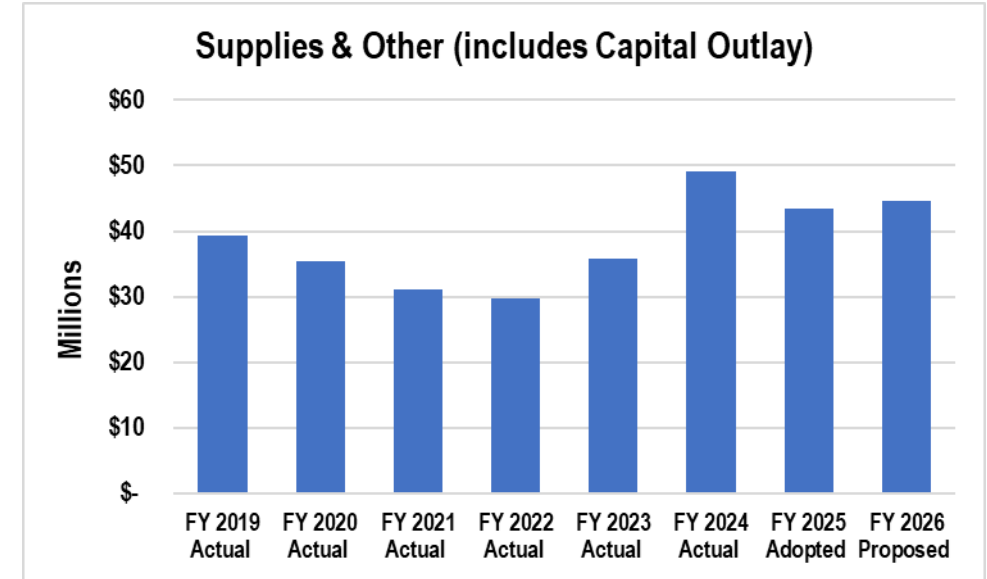
Trend Analysis – O&M Chemicals

- 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



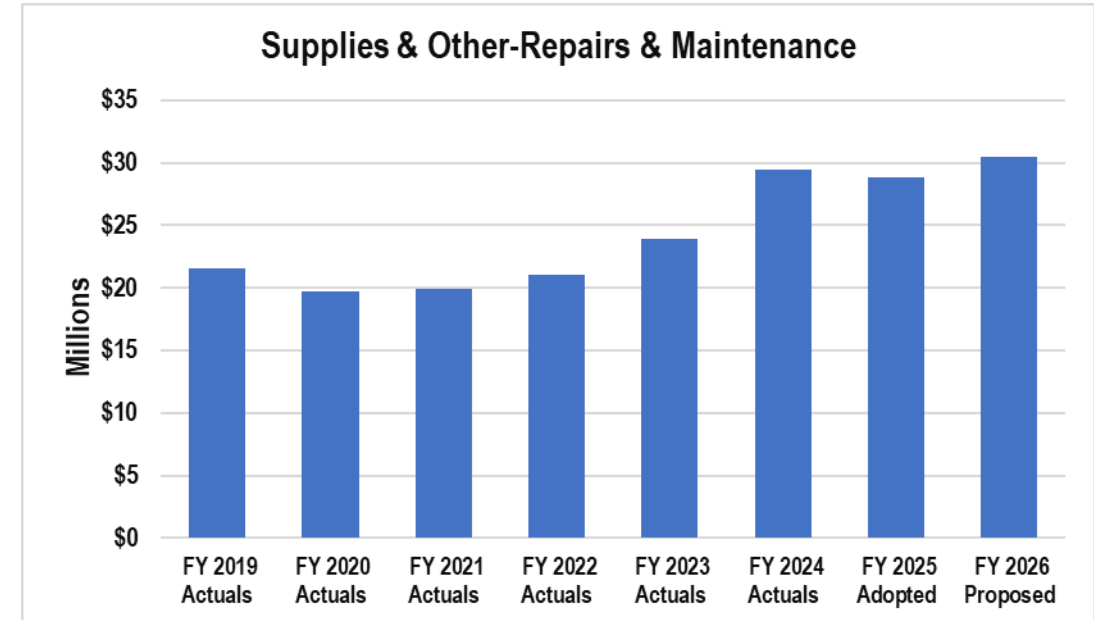
Trend Analysis – Supplies & Other

- 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



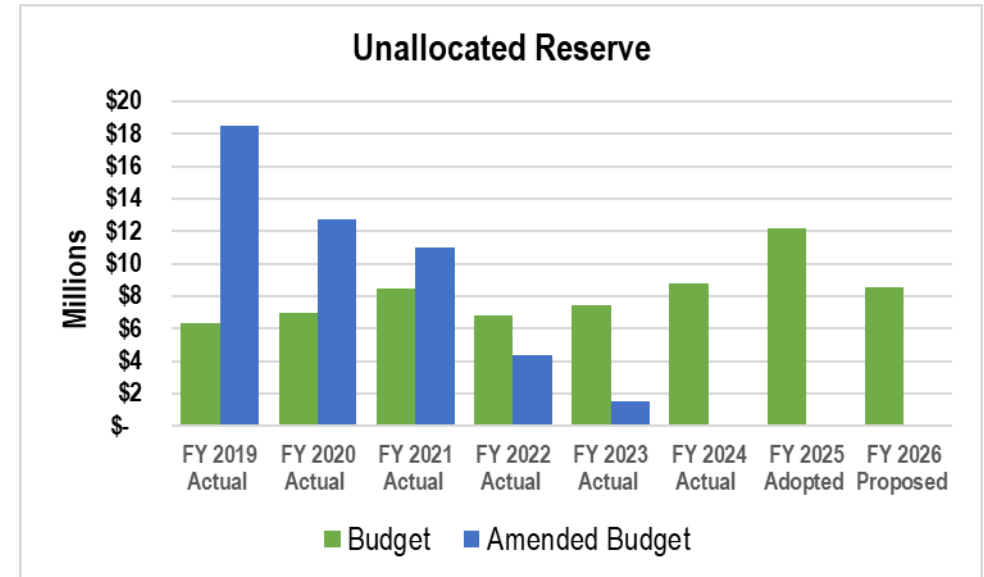
Trend Analysis – Supplies & Other Repairs & Maintenance Component

- 💧 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

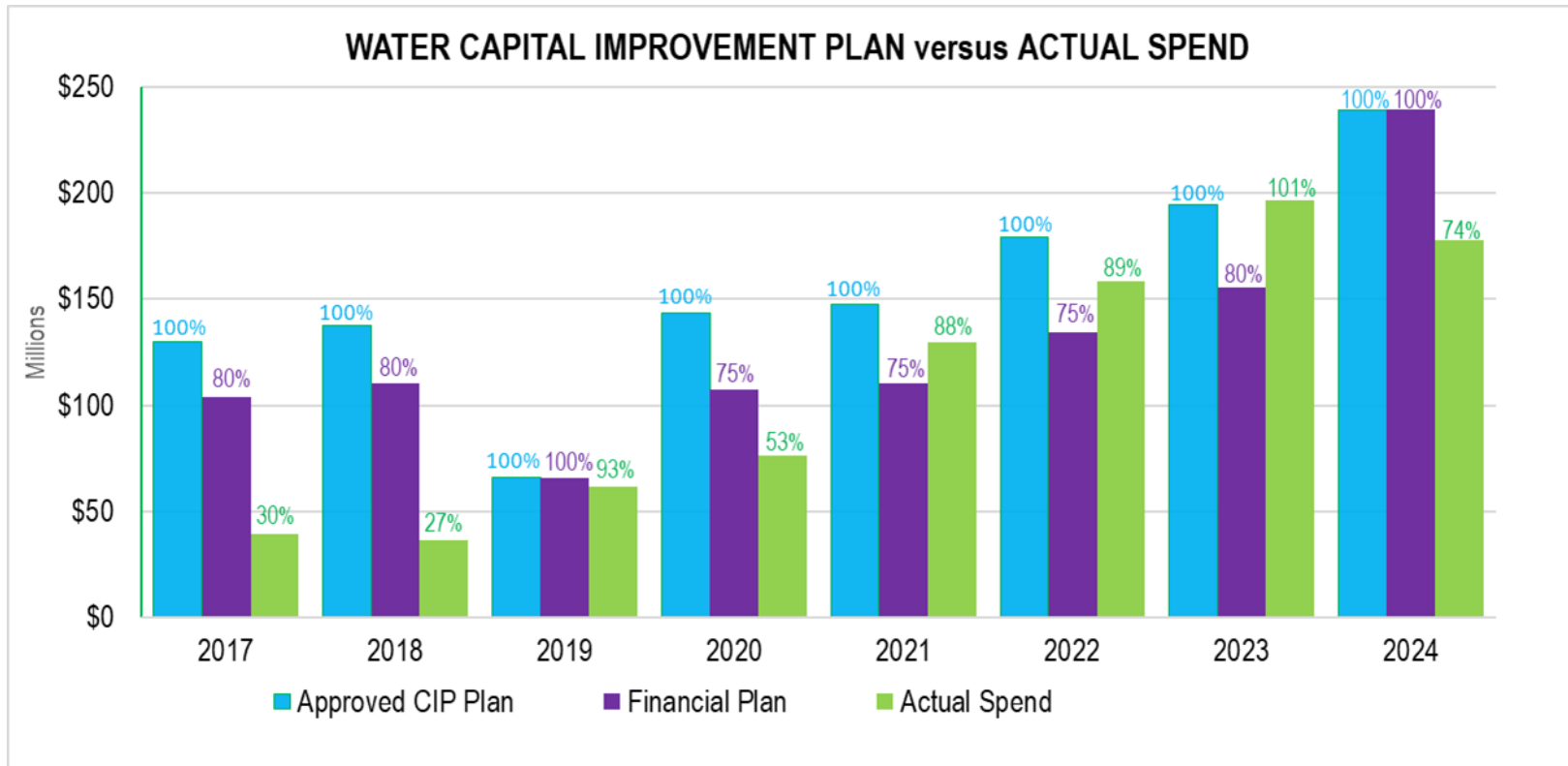
- ◆ Unallocated reserve is a budget technique to prevent cost centers from budgeting “what if” dollar amounts their line items.
- ◆ When a bona fide unforeseen expense arises, and a cost center cannot reallocate other already existing resources, an allocation from the unallocated reserve is provided.
- ◆ 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.





Debt Management

CIP DELIVERY: CIP PLAN PAST PERFORMANCE HIGHLIGHTS

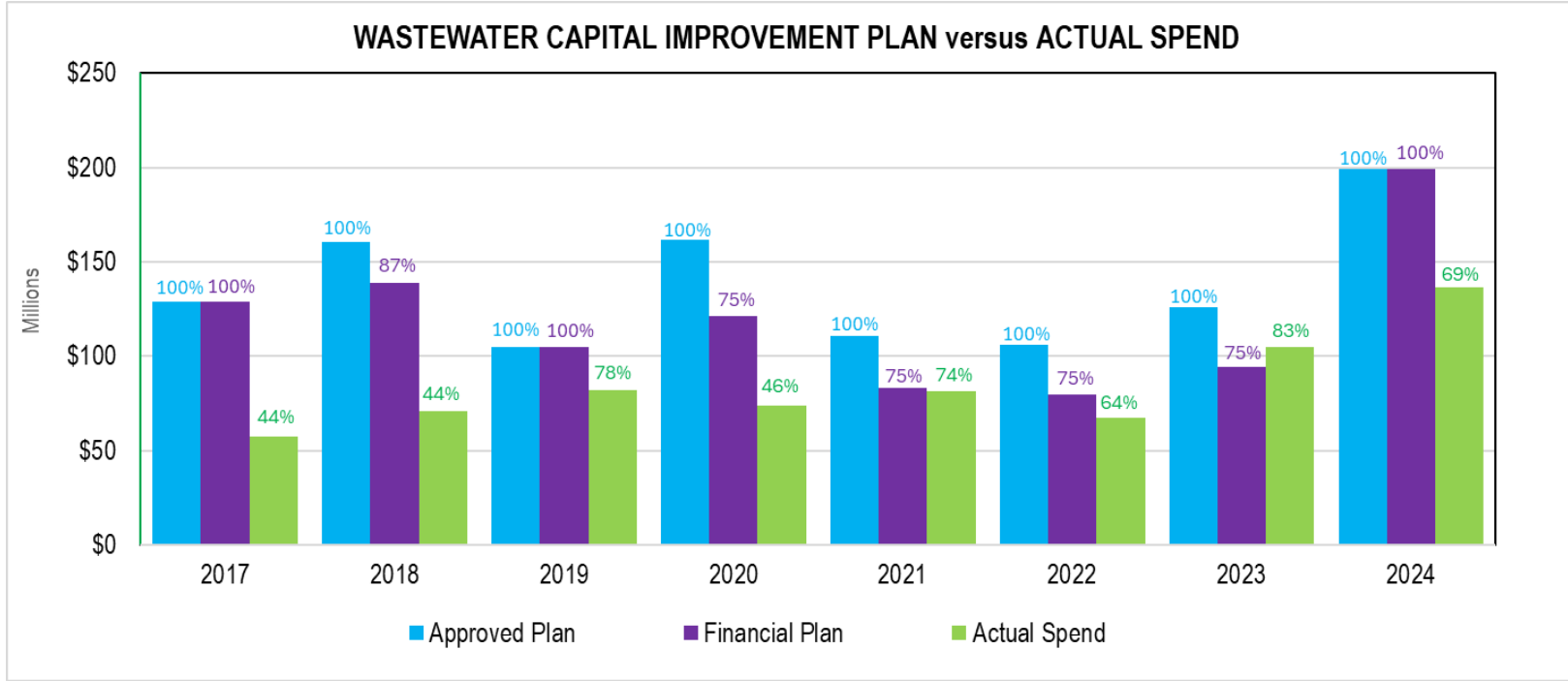


FY 2017 thru FY 2024 Budget Analysis

- 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

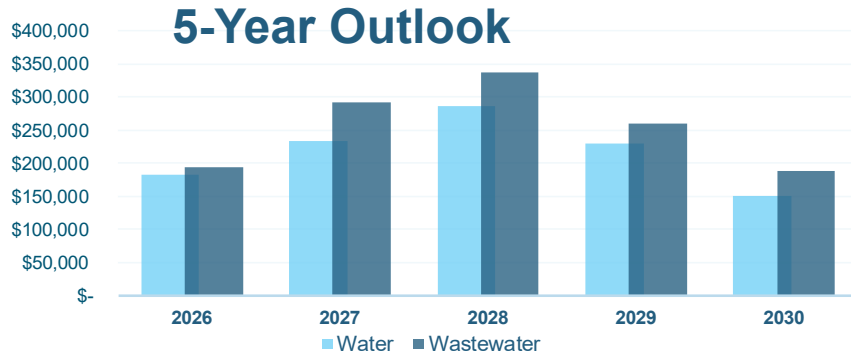


FY 2017 thru FY 2024 Budget Analysis

- 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

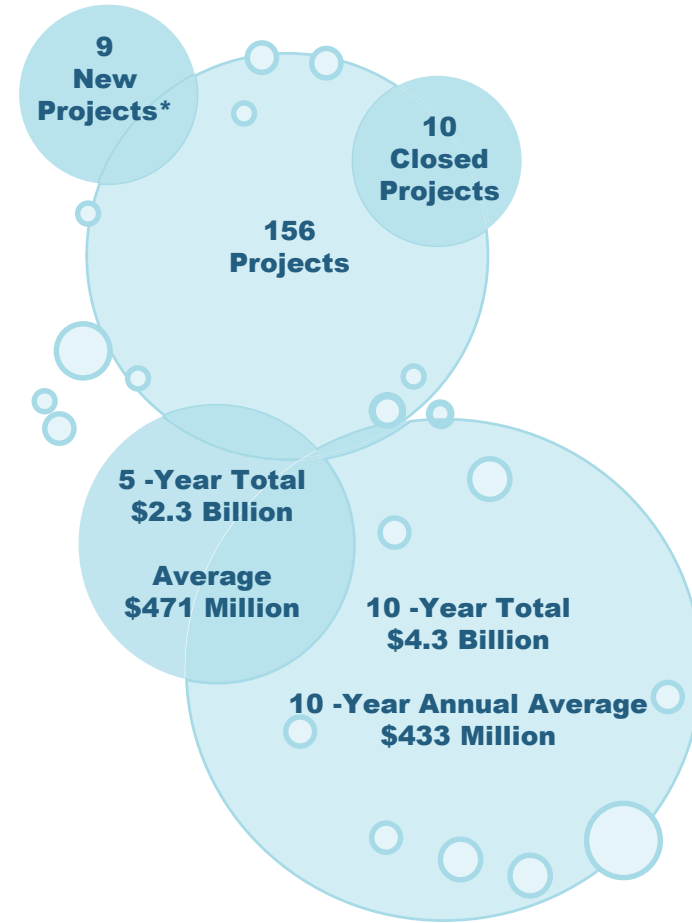


Financial figures in \$1,000s and rounded

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

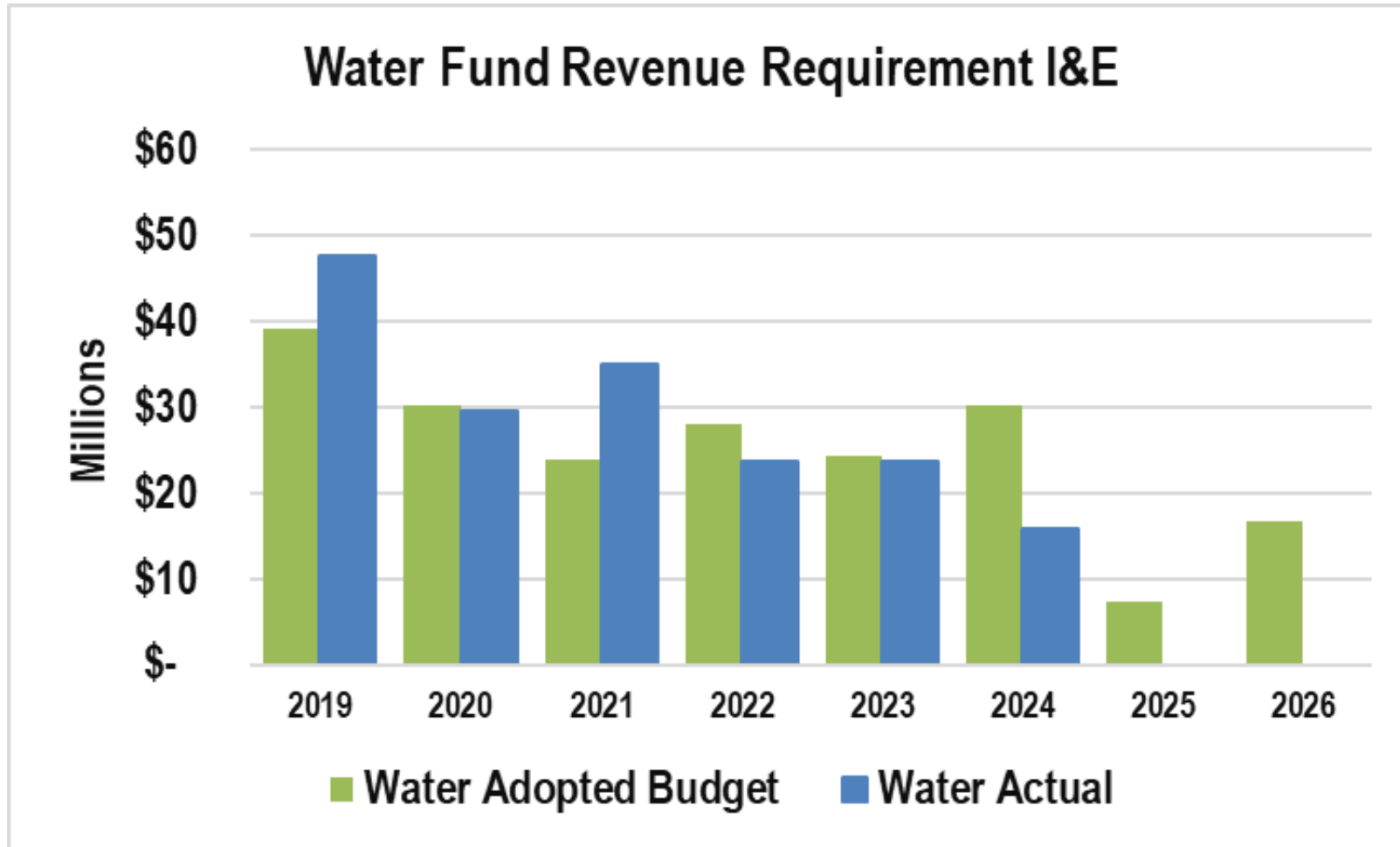
* Based on Sep 30, 2024, actuals and PM cost and schedule updates as of Nov 15, 2024



***5 NEW PROJECTS FROM PROGRAMS**

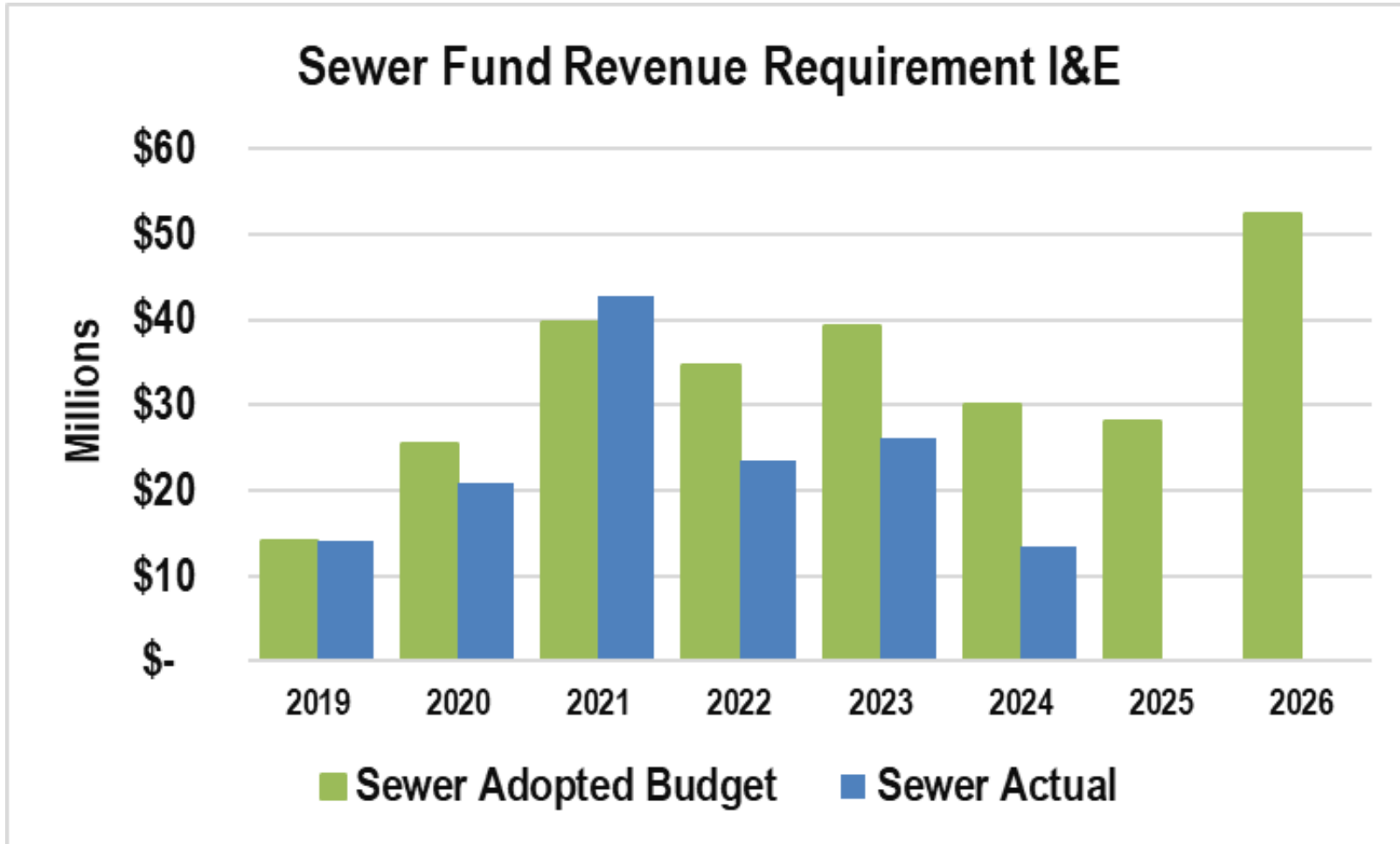


Water Fund PAYGO Capital Financing



- 💧 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 = \$16.6 million

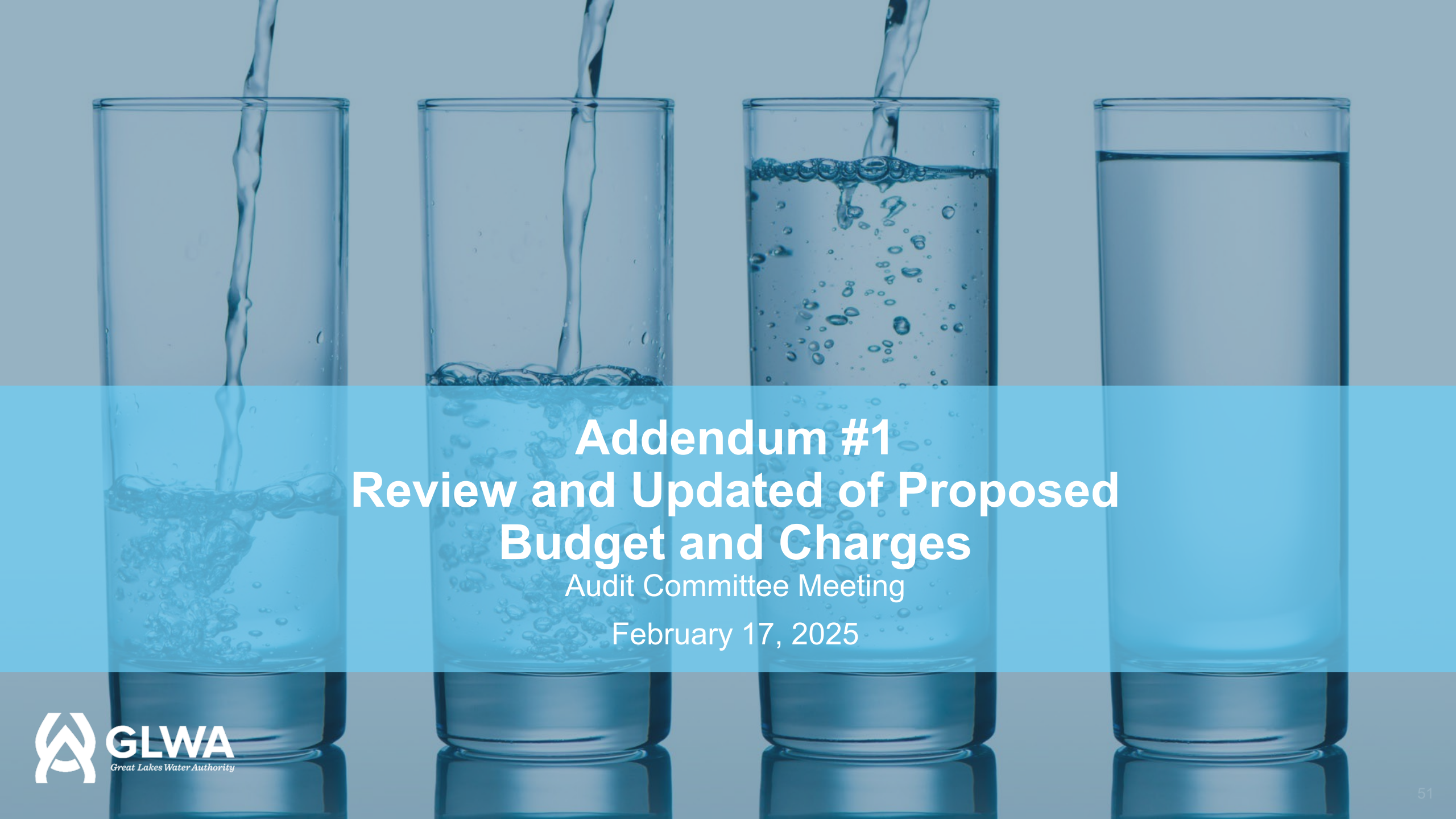
Sewer Fund PAYGO Capital Financing



- 💧 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)



Other Key Charts, Analysis, & Commentary



Addendum #1 Review and Updated of Proposed Budget and Charges

Audit Committee Meeting

February 17, 2025

Emerging Issue – 2.14.2025 – Pension Update

FY 2026 Preliminary Update of Pension Payment	Budget Impact
<u>Proposed Budget Today: Preliminary Based on 6/30/2023 Actuarial (\$2.3 million contribution funded from administrative costs credit)</u>	\$0
<u>TBD: Preliminary Update, 6/30/2024 as of 2.14.2025 (after utilizing full administrative costs credit to reduce material increase in liability)</u>	\$ 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	<u>\$ 1,891,600</u>	<u>\$ 2,507,500</u>	<u>4,399,100</u>

