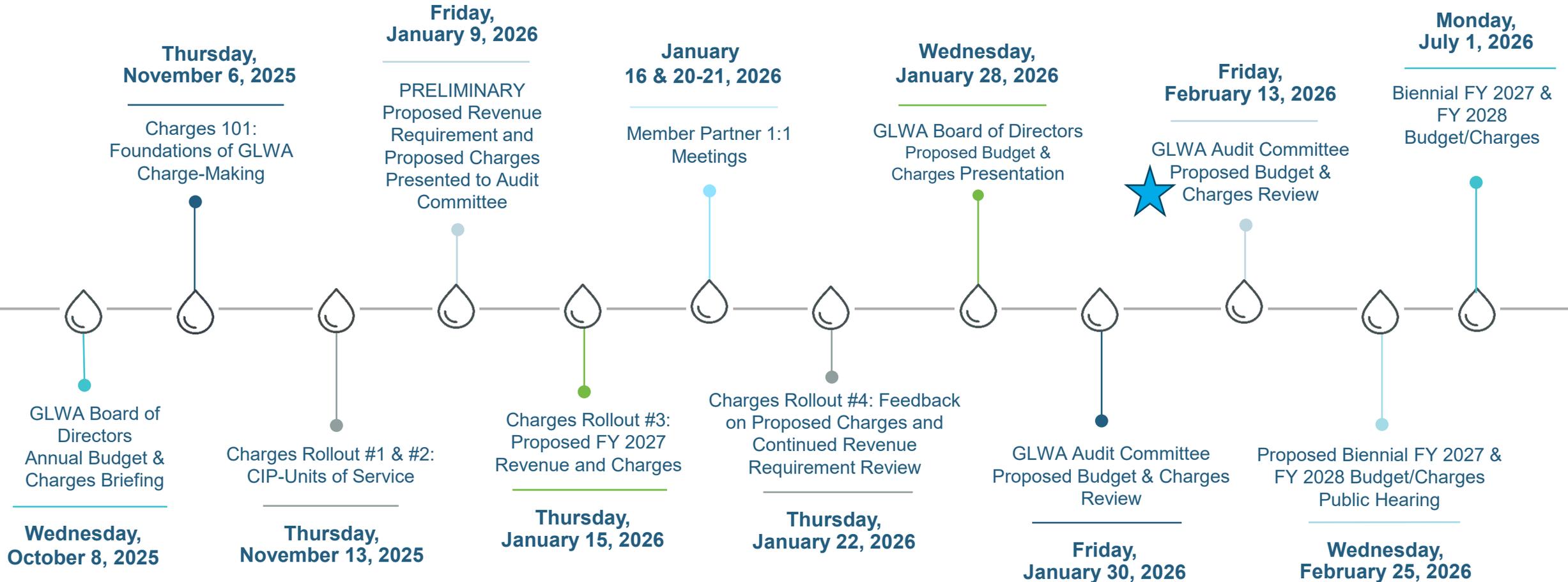




# FY 2027 & FY 2028 Biennial Budget and Five-Year Plan, Proposed FY 2027 Charges and Long-Term Financial Plan

Audit Committee  
February 13, 2026

# Budget & Charges Timeline



# Links to Prior Budget & Charges Presentations

## 💧 Charges Rollout

### 💧 Rollout 1 & 2 Combined

💧 Rollout 1 – [Capital Improvement Plan](#)

💧 Rollout 2 – [Units of Service](#)

💧 Rollout 3 - [Budget & Charges Part 1](#)

💧 Rollout 4 – [Budget & Charges Part 2](#)

## 💧 Board

💧 October 8, 2025 [Budget and Charges Briefing](#)

💧 January 28, 2026 [Proposed FY 2027 and FY 2028 Biennial Budget Request](#)  
[Proposed FY 2027 Schedule of Service Charges](#)

## 💧 Audit Committee

💧 January 9, 2026 [Review Proposed FY 2027 & FY 2028 Biennial Budget & Financial Plan](#)  
[Proposed FY 2027 Charges Analysis](#)

💧 January 30, 2026 [FY 2027 & FY 2028 Biennial Budget FY 2027 Charges](#)

💧 February 13, 2026 (will be posted at [glwater.org/financials](http://glwater.org/financials))

# Public Hearing Booklet

The complete document  
can be found on the GLWA  
website at  
[Public Hearing Summary of  
FY 2027 Schedule of  
Charges & FY 2027 & FY  
2028 Biennial Budget](#)



Public Hearing  
Summary of  
FY 2027 Schedule of Charges  
and  
FY 2027 & FY 2028  
Biennial Budget  
As Proposed

January 26, 2026

[www.glwater.org](http://www.glwater.org)



# Budget Control Techniques

# Budgeting Techniques Used

- ◆ **Five financial plan** – Smooths out budget impact of needs over multiple years while preserving future capacity

| Today's Requests |               | Year 1        | Year 2        | Year 3        | Year 4        | Year 5       |
|------------------|---------------|---------------|---------------|---------------|---------------|--------------|
| Project A        | \$ 100        | \$ 50         | \$ 50         |               |               |              |
| Project B        | 200           | 75            | 50            | \$ 50         | \$ 50         |              |
| Project C        | 100           |               | 25            | 75            |               |              |
| Project D        | 100           |               |               |               | 50            | \$ 50        |
| <b>Total</b>     | <b>\$ 500</b> | <b>\$ 125</b> | <b>\$ 125</b> | <b>\$ 125</b> | <b>\$ 100</b> | <b>\$ 50</b> |
|                  |               | Smoothing     |               |               |               | Capacity     |

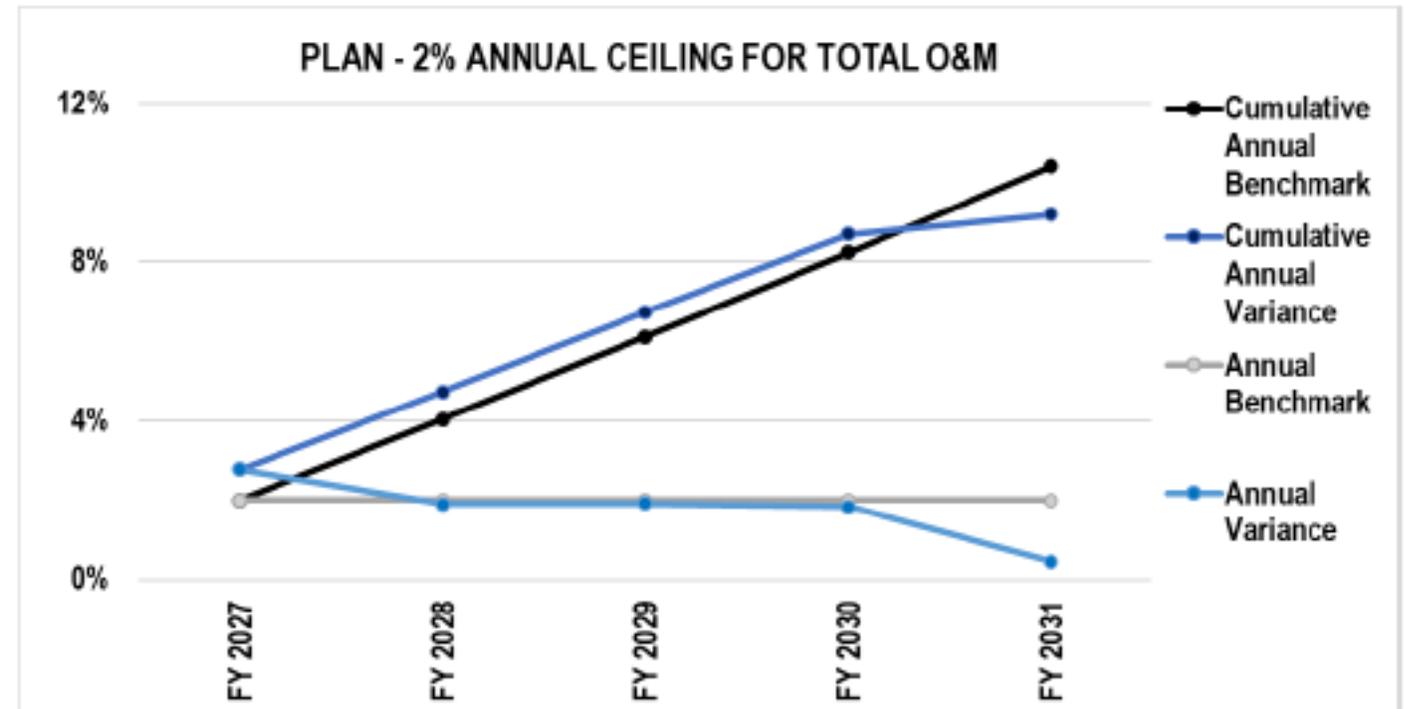
- ◆ **Cross-functional Collaboration** – *Financial Planning & Analysis (FP&A) team members* assigned to operating areas who work to understand operations. *Operational team members* who are fully engaged in the budget management - from proposal through execution. *Procurement team members* who proactively communicate and confer with changing costs.

# Budgeting Techniques Used

- ◆ **2% Ceiling** – A goal below inflation establishes stretch goals that fosters operational creativity and a culture of being cost conscious
- ◆ Measured annually and cumulatively
- ◆ Water pump station budget example – Page 71

## Alignment with Entity-wide Annual O&M Ceiling Goal of 2%

The Water Pump Stations area financial plan reflects a five-year overall increase of 9.2% which is within the entity-wide goal of a cumulative ceiling of no more than 10.4% for planning purposes (based upon an annual 2% adjustment).

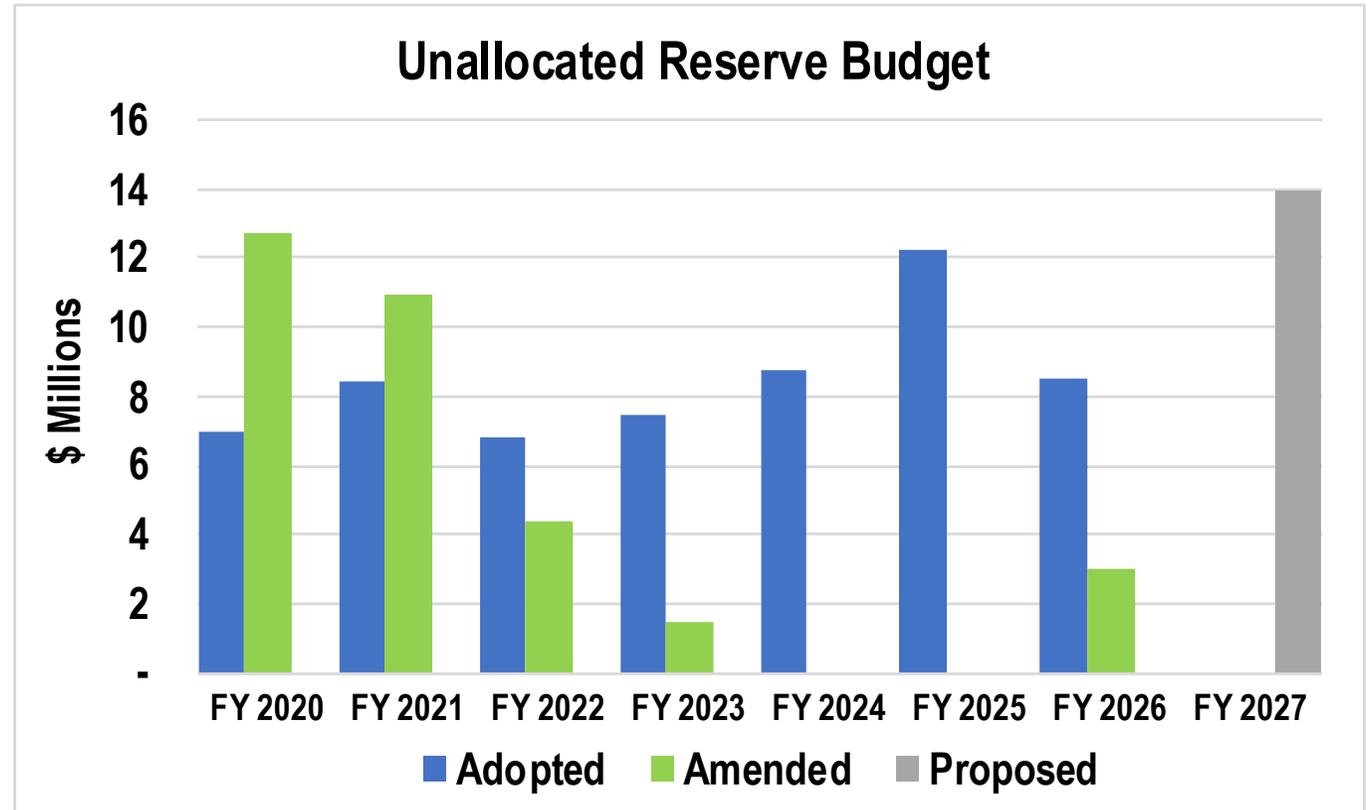


# Budgeting Techniques Used - continued

- ◆ **Unallocated Reserve** – Leans out the “line items” by using a centralized, controlled budgetary reserve
  - ◆ Known to prevent temptation for budget line item “padding”
  - ◆ Fosters the annual 2% ceiling goal for budget increases below inflation
  - ◆ There are MANY estimates in GLWA’s budgets– the operations are complex, impacted by weather, and asset failures can be unpredictable and costly
  - ◆ Budget managers can be conservative because they know there is a safety net
  - ◆ Ensures entity-wide equitable approach to compensation recommendations
  - ◆ If not depleted by year end, less pressure on future budget years
  - ◆ **How it works:** The “unallocated reserve” is transferred from its own line item to area when needed for matters like wage adjustments, product/service cost increases, and unanticipated expenses - *for the exact amount needed*
  - ◆ **How do we know it works?** See how many areas came in with a) modest percentage and/or dollar increases or b) budget decreases

# Unallocated Reserve

- ◆ Unallocated reserve is used for the following items that are not known at the time the budget is developed:
  - ◆ Unforeseen operational needs
  - ◆ Emergency repairs
  - ◆ New initiatives
  - ◆ Mid-year medical plan increases
  - ◆ Annual merit wage adjustments
  - ◆ Salary increases due to step increases
  - ◆ Salary increases due to promotions
  - ◆ Vacant positions filled early in the fiscal year (budgeted at 0.25 FTEs)





# Emerging Topics

# Evolving Budget Developments

- ◆ Budget development occurs 8+ months before start of fiscal year
- ◆ Changing conditions and priorities are a reality - each of these items is discussed on subsequent slides

| Topic   | Low           | High          |
|---|---------------|---------------|
| Fluoride (Hydrofluorosilicic acid) Supply Chain Constraint                                | \$375,000     | \$970,000     |
| Charge for building improvements for Main Office Building and Central Services Facilities | \$840,000     | \$840,000     |
| Detroit General Retirement System Pension   | \$1.1 Million | \$3.3 Million |
| Healthcare Plan Experience Costs  | \$2.0 Million | \$4.0 Million |

# Hydrofluorosilicic Acid Supply Chain Constraint

- ◆ On January 22, 2026, GLWA received notice from one of its suppliers that, due to legislative and tariff impacts, production has been significantly reduced for this essential chemical
- ◆ The current cost is \$320 per ton
- ◆ A backup supplier has been secured with a cost of \$809 per ton
- ◆ Other options continue to be explored, including an alternative product at \$550 per ton
- ◆ The estimated budget impact for FY 2026 is a range of \$368,000 - \$951,000 and for FY 2027 is from \$375,000 - \$970,000

# Shared Service Building Improvement Expense

A presumed unintended consequence of the shared services agreement is that GLWA is not able to use capital funds for capital improvements to DWSD shared facilities

| Facility                             | DWSD CIP Total Cost Estimate | GLWA Allocation per Utilization Study* | FY 2026           | FY 2027           | FY 2028          | FY 2029        | FY 2030       | FY 2031     | Total             |
|--------------------------------------|------------------------------|--|-------------------|-------------------|------------------|----------------|---------------|-------------|-------------------|
| <b>Main Office Building</b>          |                              |  |                   |                   |                  |                |               |             |                   |
| Exterior Structural Repairs          | \$ 2,000,000                 | 50.0%                                  | \$ 1,000,000      | \$ -              | \$ -             | \$ -           | \$ -          | \$ -        | \$ 1,000,000      |
| Roof Replacement                     | 2,000,000                    | 50.0%                                  | 1,000,000         | -                 | -                | -              | -             | -           | 1,000,000         |
| Window Replacement                   | 3,000,000                    | 50.0%                                  | -                 | 750,000           | 750,000          | -              | -             | -           | 1,500,000         |
| Subtotal - Main Office Building      | 7,000,000                    |  | 2,000,000         | 750,000           | 750,000          | -              | -             | -           | 3,500,000         |
| <b>Central Services Facility</b>     |                              |  |                   |                   |                  |                |               |             |                   |
| Parking Lot                          | 6,045,455                    |  | 1,724,637         | 155,500           |                  |                |               |             | 1,880,137         |
| Roof Replacement                     | 5,000,000                    | 33.0%                                  | -                 | 330,000           | 1,320,000        | -              | -             | -           | 1,650,000         |
| Mechanical Improvements              | 2,700,000                    | 33.0%                                  | 445,500           | 115,500           | 115,500          | 115,500        | 99,000        | -           | 891,000           |
| Subtotal - Central Services Facility | 13,745,455                   |  | 2,170,137         | 601,000           | 1,435,500        | 115,500        | 99,000        | -           | 4,421,137         |
| <b>GLWA Operating Expense</b>        | <b>\$ 20,745,455</b>         |  | <b>4,170,137</b>  | <b>1,351,000</b>  | <b>2,185,500</b> | <b>115,500</b> | <b>99,000</b> | <b>-</b>    | <b>7,921,137</b>  |
| <b>Share of O&amp;M increase</b>     |                              |  | <b>1.0%</b>       | <b>0.3%</b>       | <b>0.5%</b>      | <b>0.0%</b>    | <b>0.0%</b>   |             |                   |
| <b>Included in Proposed Budget</b>   |                              |  | <b>3,330,000</b>  | <b>1,360,500</b>  | <b>2,185,500</b> | <b>115,500</b> | <b>99,000</b> | <b>-</b>    | <b>7,090,500</b>  |
| <b>Budget Shortfall/(Amendment)</b>  |                              |  | <b>\$ 840,137</b> | <b>\$ (9,500)</b> | <b>\$ -</b>      | <b>\$ -</b>    | <b>\$ -</b>   | <b>\$ -</b> | <b>\$ 830,637</b> |

\*Currently under review by DWSD

DWSD and GLWA team members are meeting to better understand long-term budget impacts.

# DGRS Pension Contribution (Slide 1 of 3)

- ◆ Detroit General Retirement System (DGRS), City of Detroit, and DWSD are parties to an [agreement](#) related to the assigned financial commitment to the GLWA as an outcome of the City's bankruptcy
- ◆ As part of the City's Plan of Adjustment, the DWSD Pension Pool (funded by GLWA at 70.3% and DWSD at 29.7%) advance funded the pension plan to provide relief for the City General Fund contribution through FY 2023
- ◆ Beginning with FY 2024, the GLWA pension commitment was to be established in a separate GLWA pension pool with defined amortization periods per the agreement – making the June 2024 actuarial report a key measurement date to establishing GLWA's financial commitment
- ◆ The actuarial report for June 30, 2024 was released on February 6, 2025 – this report presented a material increase in the liability

# DGRS June 2024 Report (Slide 2 of 3)

Actuarial report at of June 30, 2024 revises projected \$16.6M liability to \$47.6M actual liability due to phasing in of investment losses from prior years impacting the funding value of assets

Source: Agreement Re GRS Defined Benefit Plan Among City of Detroit And General Retirement System of City of Detroit And Great Lakes Water Authority Dated December 1, 2025, Page 5

## Experience

Experience was less favorable than assumed during the year ending June 30, 2024. The main source of the loss was the phasing in of investment losses from prior years impacting the Funding Value of Assets. The chart below shows the estimated loss by division.

### Actuarial Report Excerpt Development of Actuarial Gain or Loss

|  | (\$ Millions) |          |           |          |              |
|--|---------------|----------|-----------|----------|--------------|
|  | General City  | D.O.T.   | DWSD      | Library  | System Total |
| (1) UAAL as of June 30, 2023 (BOY)     | \$ 532.3      | \$ 286.8 | \$ 15.1   | \$ (7.7) | \$ 826.5     |
| (2) Actual Contributions               | 67.5          | 37.4     | 0.7       | 0.1      | 105.7        |
| (3) Actual Administrative Expenses     | 1.4           | 0.1      | 1.2       | 0.2      | 2.8          |
| (4) Interest at 6.75%                  | 36.0          | 19.4     | 1.1       | (0.5)    | 55.9         |
| (5) Benefit Changes                    | -             | -        | -         | -        | -            |
| (6) Assumption Changes                 | -             | -        | -         | -        | -            |
| (7) Projected UAAL as of June 30, 2024 | \$ 502.2      | \$ 268.8 | \$ 16.6   | \$ (8.2) | \$ 779.5     |
| (8) Actual UAAL as of June 30, 2024    | 555.4         | 269.3    | 47.6      | (4.6)    | 867.7        |
| Gain or (Loss) (FVA): (7) - (8)        | \$ (53.1)     | \$ (0.5) | \$ (31.0) | \$ (3.6) | \$ (88.2)    |
| Gain or (Loss) from ASF Recoupment     | \$ (8.3)      | \$ (3.0) | \$ (4.3)  | \$ (0.4) | \$ (16.0)    |
| Gain or (Loss) from Liabilities        | (12.4)        | 5.3      | 1.4       | 1.1      | (4.7)        |
| Gain or (Loss) from Investments (FVA)  | (32.4)        | (2.8)    | (28.1)    | (4.3)    | (67.6)       |
| Total Gain or (Loss) (FVA)             | \$ (53.1)     | \$ (0.5) | \$ (31.0) | \$ (3.6) | \$ (88.2)    |

(b) For each Fiscal Year commencing from and after July 1, 2023, on its normal schedule for determining the current Fiscal Year's contributions to the GRS, the GRS shall provide the Authority with a determination of the UAAL for the Authority Pension Pool

### Pension Agreement Excerpt

5

using the market value of assets for the Authority Pension Pool and whether the Authority Pension Pool is funded at 100%. If the Authority Pension Pool is fully funded at 100% or more, no contributions for the current Fiscal Year will be required of the Authority. If the Authority Pension Pool is less than 100% funded, then the Authority shall make such level annual contributions to the GRS as necessary to amortize such shortfall over five (5) years (or such greater period not to exceed ten (10) years as agreed upon by GRS and the Authority) at an interest rate equal to the then current GRS investment return assumption. Except for the additional payments required by this subsection (b), if any, the Authority shall have no further liability whatsoever to the City or the GRS in connection with any other shortfalls that that may occur with respect to the GRS Plan.

Source: The General Retirement System of the City of Detroit Actuarial Valuation of Component II as of June 30, 2024 dated February 6, 2025 prepared by Gabriel, Roeder, & Smith, Page 9

# DGRS Next Steps

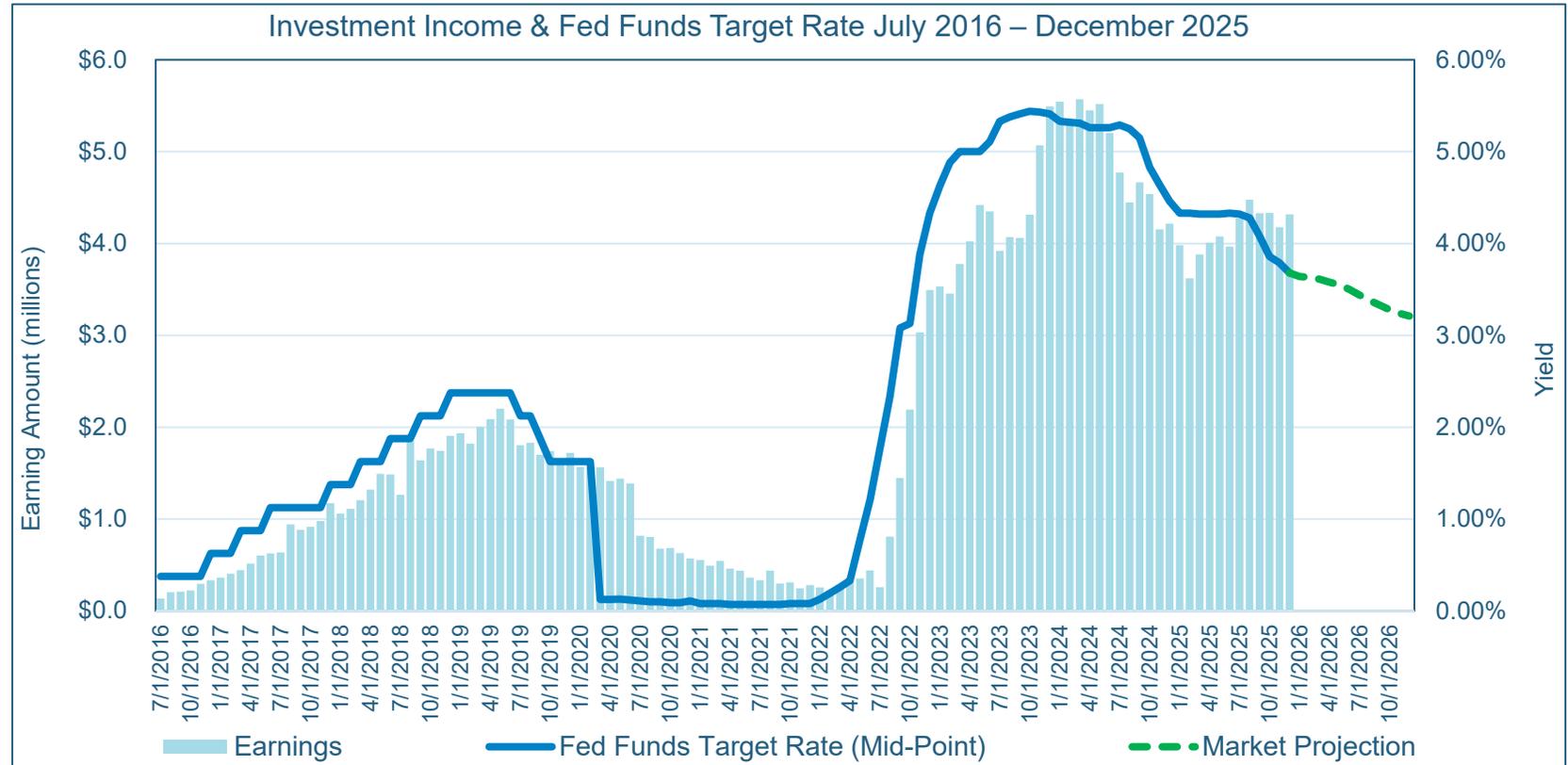
- ◆ Discussions are underway with DGRS, City, DWSD, and GLWA regarding next steps of complex agreement and actuarial assumptions
- ◆ **FY 2027 Budget and Financial Plan based on FY 2026 contribution** due to open matter at this time; May be understated based on the following analysis provided by GRS in January 2026
  - ◆ GRS Alternate 1: 10-year amortization of \$4.2 million annually
  - ◆ GRS Alternate 2: 5-year amortization of \$6.5 million annually

| Description  | Proposed FY 2027<br>Budget as Presented | Scenario 1 - FY 2027<br>10-Year Amortization | Potential<br>Shortfall | Scenario 2 - FY 2027<br>5-Year Amortization | Potential<br>Shortfall |
|--|---|--|------------------------|---|------------------------|
| <b>Administrative Fee</b>                                      |   |  |                        |   |                        |
| GLWA-Water   | \$ 154,700                              | \$ 153,200                                   | \$ 1,500               | \$ 153,200                                  | \$ 1,500               |
| GLWA-Sewer   | 276,700                                 | 274,200                                      | 2,500                  | 274,200                                     | 2,500                  |
| <b>Total Administrative Fee</b>                                | <b>431,400</b>                          | <b>427,400</b>                               | <b>4,000</b>           | <b>427,400</b>                              | <b>4,000</b>           |
| <b>Legacy Pension Obligation - Component II (Nonoperating)</b> |   |  |                        |   |                        |
| GLWA-Water   | 953,900                                 | 1,353,700                                    | (399,800)              | 2,161,900                                   | (1,208,000)            |
| GLWA-Sewer   | 1,707,300                               | 2,422,900                                    | (715,600)              | 3,869,400                                   | (2,162,100)            |
| <b>Total Legacy Pension Obligation</b>                         | <b>2,661,200</b>                        | <b>3,776,600</b>                             | <b>(1,115,400)</b>     | <b>6,031,300</b>                            | <b>(3,370,100)</b>     |
| <b>Total Pension Contribution</b>                              | <b>\$ 3,092,600</b>                     | <b>\$ 4,204,000</b>                          | <b>\$ (1,111,400)</b>  | <b>\$ 6,458,700</b>                         | <b>\$ (3,366,100)</b>  |

# Portfolio Snapshot

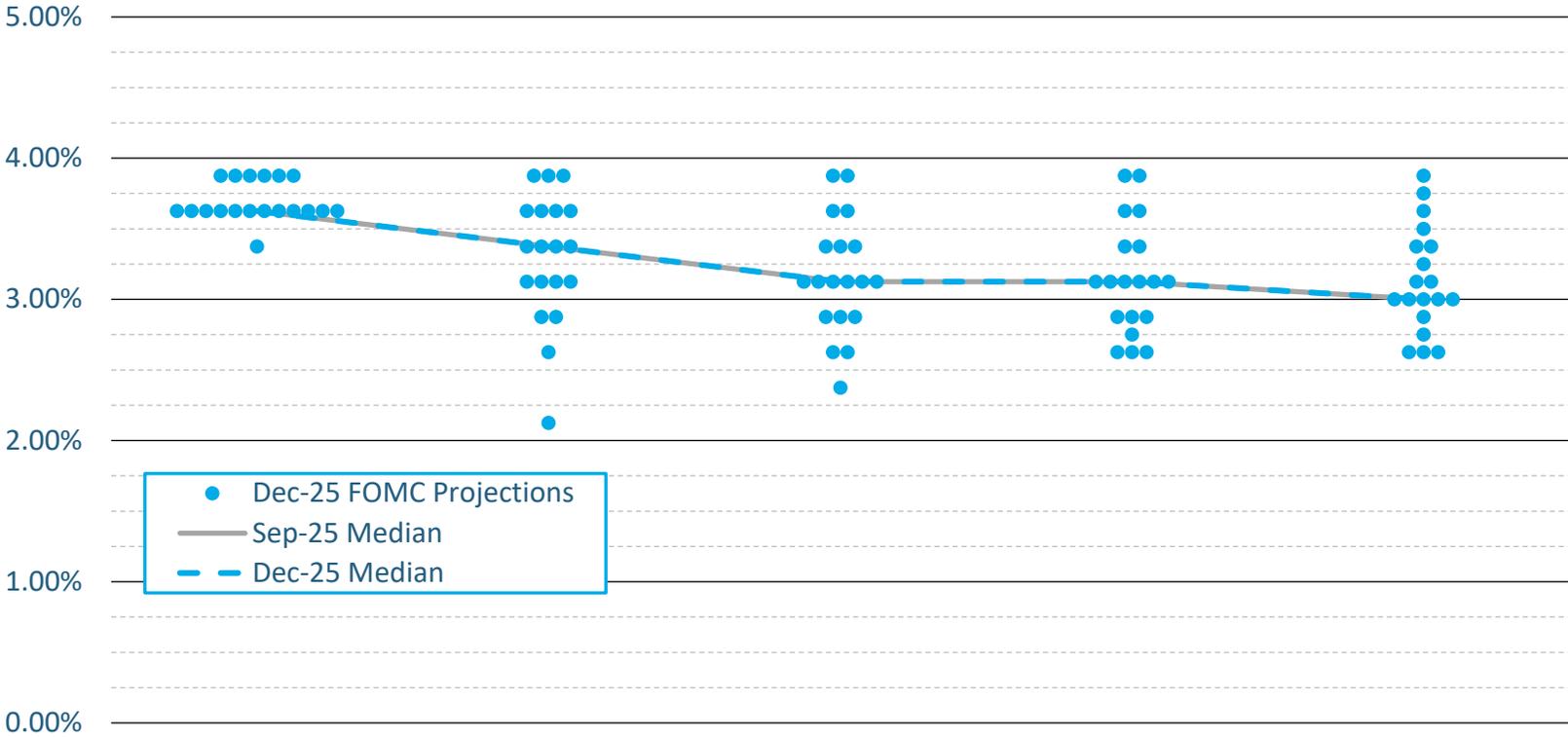
## Monthly Investment Income Compared to Fed Funds Rate

- ◆ At least 50% or more of the GLWA portfolio is designated for obligations that are 12 months or less. As a result of the short-term duration of GLWA's portfolio, it is heavily impacted by changes in the Federal Funds target rate; the chart below illustrates that GLWA's income has consistently followed the trend of the Fed Funds rate.
- ◆ The Fed remains data-dependent, with monetary policy now near the plausible range of neutral and, at most, modestly restrictive. Fed Chair Powell has recently described the economy as entering 2026 on a 'firm footing,' supported by resilient consumption and ongoing business investment, even as housing remains weak. Both upside inflation risks and downside employment risks have diminished, reinforcing the Fed's case for patience going forward.



# The December Fed “Dot Plot”

## Fed Participants’ Assessments of ‘Appropriate’ Monetary Policy



Source: : FOMC Chair Jerome Powell Press Conference, December 10, 2025. Federal Reserve; Bloomberg Finance L.P.. Individual dots represent each Fed members’ judgement of the midpoint of the appropriate target range for the Federal Funds rate at each year-end. As of December 2025.

Source-Prepared by PFM Asset Management  
 Investment Performance Report – December 25, 2025



# Operating Budget Review Book

- ◆ New this year
- ◆ Focus on Operating Budget
- ◆ Highlights Priorities
- ◆ Includes both One Pagers, Operating Area Overviews, and Line Item Detail information for each type of stakeholder interest



## Operating Budget Review Book

FY 2027 & FY 2028 Biennial Budget

February 13, 2026

[www.glwater.org](http://www.glwater.org)

# Item of Note: Water Transmission & Sewer Conveyance Realignment

- ◆ Beginning in FY 2025 operational responsibilities for water transmission and sewage conveyance started a realignment to separate the maintenance activities which align with the overall plan for each system.
- ◆ Beginning with FY 2026, and finalizing in the FY 2027 budget cycle, Field Services Operations and Systems Control budgets for sewage conveyance infrastructure were transferred to the wastewater operations budget. These are centralized cost centers.
- ◆ This involved identifying specific contracts for maintenance either transferred to or separated for sewer conveyance.

# Water Transmission & Sewer Conveyance Realignment (Continued)

The former Field Services Operations (Centralized Services) cost center will become the following cost centers. The planned go-live date for the new centers is July 1, 2026 (FY 2027).

## 💧 Water System Operations

- 💧 Water Transmission (882310)
- 💧 Maintenance & Repair (882315)
- 💧 Electrical & Mechanical Maintenance (882318)

## 💧 Wastewater System Operations

- 💧 Sewage Conveyance Administration (892260)
- 💧 Sewer Linear Infrastructure (892436)

## 💧 Centralized Services

- 💧 Utility Review & Permits (URAP) (882430)

Included for Reference

# Water O&M Summary

## Schedule 6 - Operations & Maintenance - Water Operations Fund - Biennial Budget

| Water Operations Fund           | FY 2025               | FY 2026               |                       | FY 2027               |                      |                  | FY 2028               |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|------------------|-----------------------|
|                                 | Actual                | Adopted Budget        | Amended Budget        | Proposed Budget       | Dollar Variance      | Percent Variance | Proposed Budget       |
| 2.0 Salaries & Wages            | \$ 31,861,632         | \$ 42,011,500         | \$ 44,090,500         | \$ 48,594,300         | \$ 6,582,800         | 15.7%            | 50,082,300            |
| 2.3 Overtime                    | 6,393,764             | 4,219,000             | 4,219,100             | 5,332,900             | 1,113,900            | 26.4%            | 5,380,800             |
| 2.4 Employee Benefits           | 21,792,382            | 14,210,100            | 14,554,200            | 16,523,500            | 2,313,400            | 16.3%            | 17,188,100            |
| Total Personnel Costs           | 60,047,778            | 60,440,600            | 62,863,800            | 70,450,700            | 10,010,100           | 16.6%            | 72,651,200            |
| 3.1 Electric                    | 28,416,567            | 31,856,600            | 32,384,600            | 31,235,200            | (621,400)            | -2.0%            | 31,764,400            |
| 3.2 Gas                         | 1,415,006             | 1,219,600             | 1,219,600             | 1,217,500             | (2,100)              | -0.2%            | 1,233,100             |
| 3.3 Sewage Service              | 1,035,866             | 782,200               | 782,200               | 834,900               | 52,700               | 6.7%             | 846,900               |
| 3.4 Water Service               | 7,412                 | 8,400                 | 8,400                 | 4,900                 | (3,500)              | -41.7%           | 4,900                 |
| Total Utility Costs             | 30,874,851            | 33,866,800            | 34,394,800            | 33,292,500            | (574,300)            | -1.7%            | 33,849,300            |
| 4.1 Chemicals                   | 14,111,802            | 14,904,300            | 14,904,300            | 14,906,600            | 2,300                | 0.0%             | 15,303,900            |
| 4.2 Supplies & Other            | 17,160,384            | 15,683,500            | 15,686,400            | 17,707,100            | 2,023,600            | 12.9%            | 17,349,800            |
| 4.3 Contractual Services        | 59,845,953            | 56,438,200            | 58,509,700            | 53,874,000            | (2,564,200)          | -4.5%            | 53,183,100            |
| 5.1 Capital Program Allocation  | (1,700,664)           | (1,726,000)           | (1,726,000)           | (2,025,500)           | (299,500)            | 17.4%            | (941,800)             |
| 5.2 Shared Services             | (2,054,911)           | (882,900)             | (860,300)             | (857,200)             | 25,700               | -2.9%            | (897,500)             |
| 5.5 Intergovernmental Agreement | (2,879,562)           | -                     | -                     | -                     | -                    | 0.0%             | -                     |
| 7.0 Unallocated Reserve         | -                     | 3,731,500             | 487,900               | 6,215,200             | 2,483,700            | 66.6%            | 10,238,600            |
| Total Other Categories          | 84,483,002            | 88,148,600            | 87,002,000            | 89,820,200            | 1,671,600            | 1.9%             | 94,236,100            |
| <b>Grand Total</b>              | <b>\$ 175,405,631</b> | <b>\$ 182,456,000</b> | <b>\$ 184,260,600</b> | <b>\$ 193,563,400</b> | <b>\$ 11,107,400</b> | <b>6.1%</b>      | <b>\$ 200,736,600</b> |

Included for Reference

# Sewer O&M Summary

## Schedule 7 – Operations & Maintenance – Sewer Operations Fund - Biennial Budget

| Sewer Operations Fund           | FY 2025               | FY 2026               |                       | FY 2027               |                     |                  | FY 2028               |
|---------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|------------------|-----------------------|
|                                 | Actual                | Adopted Budget        | Amended Budget        | Proposed Budget       | Dollar Variance     | Percent Variance | Proposed Budget       |
| 2.0 Salaries & Wages            | 64,123,182            | 56,859,600            | 59,264,800            | 55,808,500            | (1,051,100)         | -1.8%            | 58,115,200            |
| 2.3 Overtime                    | 3,730,879             | 4,692,400             | 4,692,300             | 4,308,800             | (383,600)           | -8.2%            | 4,308,800             |
| 2.4 Employee Benefits           | 8,980,890             | 16,912,800            | 17,313,200            | 17,353,200            | 440,400             | 2.6%             | 18,316,000            |
| Total Personnel Costs           | 76,834,951            | 78,464,800            | 81,270,300            | 77,470,500            | (994,300)           | -1.3%            | 80,740,000            |
| 3.1 Electric                    | 18,161,562            | 19,451,500            | 18,923,500            | 18,643,100            | (808,400)           | -4.2%            | 19,028,700            |
| 3.2 Gas                         | 6,246,056             | 5,893,000             | 5,893,000             | 7,843,900             | 1,950,900           | 33.1%            | 7,719,500             |
| 3.3 Sewage Service              | 1,364,344             | 1,673,100             | 1,673,100             | 1,477,300             | (195,800)           | -11.7%           | 1,506,400             |
| 3.4 Water Service               | 10,412,468            | 12,194,400            | 12,194,400            | 11,153,400            | (1,041,000)         | -8.5%            | 10,152,500            |
| Total Utility Costs             | 36,184,430            | 39,212,000            | 38,684,000            | 39,117,700            | (94,300)            | -0.2%            | 38,407,100            |
| 4.1 Chemicals                   | 20,273,321            | 23,460,300            | 22,284,700            | 19,400,100            | (4,060,200)         | -17.3%           | 19,723,400            |
| 4.2 Supplies & Other            | 28,566,939            | 29,527,700            | 29,829,600            | 30,379,000            | 851,300             | 2.9%             | 32,860,600            |
| 4.3 Contractual Services        | 70,823,305            | 63,770,000            | 65,756,700            | 66,581,600            | 2,811,600           | 4.4%             | 67,796,400            |
| 5.1 Capital Program Allocation  | (1,199,916)           | (1,704,600)           | (1,704,600)           | (1,393,500)           | 311,100             | -18.3%           | (929,900)             |
| 5.2 Shared Services             | (527,744)             | (1,426,200)           | (1,403,500)           | (1,517,600)           | (91,400)            | 6.4%             | (1,572,200)           |
| 5.5 Intergovernmental Agreement | (1,201,306)           | -                     | -                     | -                     | -                   | 0.0%             | -                     |
| 7.0 Unallocated Reserve         | -                     | 4,794,700             | 2,483,600             | 7,725,600             | 2,930,900           | 61.1%            | 11,385,200            |
| Total Other Categories          | 116,734,600           | 118,421,900           | 117,246,500           | 121,175,200           | 2,753,300           | 2.3%             | 129,263,500           |
| <b>Grand Total</b>              | <b>\$ 229,753,981</b> | <b>\$ 236,098,700</b> | <b>\$ 237,200,800</b> | <b>\$ 237,763,400</b> | <b>\$ 1,664,700</b> | <b>0.7%</b>      | <b>\$ 248,410,600</b> |

# Water & Sewer O&M Combined

Included for Reference

## Schedule 8 - Operations & Maintenance - Water & Sewer Operations Combined - Biennial Budget

| Expense Category                | FY 2025               | FY 2026               |                       |                           | FY 2027               |                      |                  | FY 2028               |
|---------------------------------|-----------------------|-----------------------|-----------------------|---------------------------|-----------------------|----------------------|------------------|-----------------------|
|                                 | Actual                | Adopted Budget        | Amended Budget        | Activity as of 09.30.2025 | Proposed Budget       | Dollar Variance      | Percent Variance | Proposed Budget       |
| 2.1 Salaries & Wages            | \$ 84,979,179         | \$ 86,632,900         | \$ 91,086,600         | 24,462,602                | \$ 95,548,000         | \$ 8,915,100         | 10.3%            | \$ 98,924,700         |
| 2.2 Workforce Development       | 2,811,306             | 3,746,800             | 3,777,300             | 571,889                   | 2,426,200             | (1,320,600)          | -35.2%           | 2,821,700             |
| 2.3 Overtime                    | 10,124,433            | 8,911,400             | 8,911,400             | 2,724,141                 | 9,641,700             | 730,300              | 8.2%             | 9,689,600             |
| 2.4 Employee Benefits           | 30,773,272            | 31,122,900            | 31,867,400            | 8,946,539                 | 33,876,700            | 2,753,800            | 8.8%             | 35,504,100            |
| 2.5 Transition Services         | 8,194,544             | 8,491,400             | 8,491,400             | 2,136,222                 | 6,428,600             | (2,062,800)          | -24.3%           | 6,451,100             |
| <b>Total Personnel Costs</b>    | <b>136,882,734</b>    | <b>138,905,400</b>    | <b>144,134,100</b>    | <b>38,841,393</b>         | <b>147,921,200</b>    | <b>9,015,800</b>     | <b>6.5%</b>      | <b>153,391,200</b>    |
| 3.1 Electric                    | 46,578,127            | 51,308,100            | 51,308,100            | 11,929,850                | 49,878,300            | (1,429,800)          | -2.8%            | 50,793,100            |
| 3.2 Gas                         | 7,661,062             | 7,112,600             | 7,112,600             | 1,690,388                 | 9,061,400             | 1,948,800            | 27.4%            | 8,952,600             |
| 3.3 Sewage Service              | 2,400,208             | 2,455,300             | 2,455,300             | 600,595                   | 2,312,200             | (143,100)            | -5.8%            | 2,353,300             |
| 3.4 Water Service               | 10,419,881            | 12,202,800            | 12,202,800            | 3,081,520                 | 11,158,300            | (1,044,500)          | -8.6%            | 10,157,400            |
| <b>Total Utility Costs</b>      | <b>67,059,278</b>     | <b>73,078,800</b>     | <b>73,078,800</b>     | <b>17,302,353</b>         | <b>72,410,200</b>     | <b>(668,600)</b>     | <b>-0.9%</b>     | <b>72,256,400</b>     |
| 4.1 Chemicals                   | 34,385,124            | 38,364,600            | 37,189,000            | 7,798,289                 | 34,306,700            | (4,057,900)          | -10.6%           | 35,027,300            |
| 4.2 Supplies & Other            | 45,727,329            | 45,211,200            | 45,516,000            | 10,672,770                | 48,086,100            | 2,874,900            | 6.4%             | 50,210,400            |
| 4.3 Contractual Services        | 128,153,081           | 120,208,200           | 124,266,400           | 30,440,750                | 120,455,600           | 247,400              | 0.2%             | 120,979,500           |
| 5.1 Capital Program Allocation  | (2,900,581)           | (3,430,600)           | (3,430,600)           | (790,824)                 | (3,419,000)           | 11,600               | -0.3%            | (1,871,700)           |
| 5.2 Shared Services             | (2,582,655)           | (2,309,100)           | (2,263,800)           | (571,650)                 | (2,374,800)           | (65,700)             | 2.8%             | (2,469,700)           |
| 5.5 Intergovernmental Agreement | (1,564,690)           | -                     | -                     | -                         | -                     | -                    | 0.0%             | -                     |
| 7.0 Unallocated Reserve         | -                     | 8,526,200             | 2,971,500             | -                         | 13,940,800            | 5,414,600            | 63.5%            | 21,623,800            |
| <b>Total Other Categories</b>   | <b>201,217,608</b>    | <b>206,570,500</b>    | <b>204,248,500</b>    | <b>47,549,335</b>         | <b>210,995,400</b>    | <b>4,424,900</b>     | <b>2.1%</b>      | <b>223,499,600</b>    |
| <b>Grand Total</b>              | <b>\$ 405,159,620</b> | <b>\$ 418,554,700</b> | <b>\$ 421,461,400</b> | <b>\$ 103,693,081</b>     | <b>\$ 431,326,800</b> | <b>\$ 12,772,100</b> | <b>3.1%</b>      | <b>\$ 449,147,200</b> |

# Categories A (Water) & B (Sewer/Wastewater)

## 💧 Water

- 💧 Water Operations – Page 33 – \$1.8M or 2% increase
- 💧 Water Pump Stations – Page 33 – \$362k or 2.8% increase

## 💧 Sewer/Wastewater

- 💧 Wastewater Operations – Page 35 – \$1.8M or 1.2% increase
- 💧 Wastewater Pump Stations – Page 35 – \$305k or 10.2% increase

## Category C – Centralized Services

- ◆ Planning Services – Page 37 – \$475K or 2.8% increase
- ◆ System Resiliency – Page 37 - \$165k or 7.9% increase
- ◆ *System Operations Controls – Page 37 - \$1.9M or 13.5% decrease*
- ◆ *Facility Operations – Page 37 - \$1.4M or 12% decrease*
- ◆ Fleet Operations – Page 37 – \$396k or 13.6% increase
- ◆ *Field Service Operations – Page 37 - \$556k or 4.1% decrease*
- ◆ Energy, Research & Innovation – Page 37 - \$387k or 12.4% increase
- ◆ Transformation – Page 37 - \$29k or 6.4% increase
- ◆ **Information Technology – Page 37 - \$1.8M or 3.9% increase**
- ◆ *Security & Integrity – Page 37 - \$256k or 3.0% decrease*

# Category D – Administrative Services

- ◆ Board of Directors – Page 39 - \$3k or 2% increase
- ◆ Chief Executive Officer - Page 39- \$6k or 0.8% increase
- ◆ *Chief Administrative & Compliance Officer*  
– Page 39 - \$51k or 0.5% decrease
- ◆ General Counsel – Page 39 - \$845k or 21.6% increase
- ◆ Public Affairs – Page 39 - \$142k or 7.1% increase
- ◆ *Organizational Development* – Page 39 - \$25K or 0.4% decrease
- ◆ Financial Services – Page 39 - \$41k or 0.2% increase

# Budget Book Review – Categories A & B

## 💧 Water System (Category A) – Page 43

- 💧 Water Operations - Starts on Page 46 with *discussion on Page 51*

- 💧 Water Pump Stations – Starts on Page 66, note pie chart on Page 67 with 19 pump stations relative cost with *discussion on Page 68; and capital outlay (I&E) on Page 72*

## 💧 Wastewater System (Category B)– Page 77

- 💧 Wastewater Operations – Starts on Page 80, note pie chart on Page 84 *with budget discussion on Page 85; personnel budget notes on Page 87; and capital outlay (I&E) on Page 93*

- 💧 Wastewater Pump Stations – Starts on Page 103, note pie chart on Page 105; *budget discussion on Page 106*

# Budget Book Review – Category C

- ◆ Centralized Services Overview begins on Page 114 noting pie chart; *cost allocation on page 117 noting discussion of realignment which increased water allocation for certain activities*
- ◆ System Resiliency begins on Page 121 and *discussion on page 124*
- ◆ Planning Services begins on Page 128, *note addition of water master plan on contracts table on Page 132 (RFP has been issued) and future Good Sewer Meter Practice Analysis & Support on Page 133 and Asset Management Planning contract on Page 134 as well as wind down of AECOM contract after Kahua implementation; note discussion on Page 137; Personnel on Page 138; Capital outlay on Page 144*

# Budget Book Review – Category C (continued)

- ◆ Systems Control - Begins on Page 148; *discussion on Page 151 noting **realignment of costs project** and personnel budget*
- ◆ Facility Operations – Begins on Page 156; *discussion on Page 159*
- ◆ Fleet Operations – Begins on Page 163; *discussion on page 165*
- ◆ Field Service Operations – Begins on Page 170; *discussion on Page 173 **noting realignment of costs project** and staffing plan*
- ◆ Energy, Research, & Innovation – Begins on Page 178; *discussion on Page 182*
- ◆ Transformation – Begins on Page 187; *discussion on Page 189*

# Budget Book Review – Category C (continued)

- ◆ Information Technology – Begins on Page 194 - *Discussion on Page 194; Significant contracts on Page 196 including disaster recovery services and Kahua; pie chart on Page 197; discussion on Page 198; Personnel on Page 199*
- ◆ Security & Integrity – Begins on Page 208 – *Discussion on Page 208; pie chart on page 210; discussion on Page 211*

# Budget Book Review – Category D

- ◆ Administrative Services Overview begins on Page 218 noting pie chart; *cost allocation of specific contracts on page 222*
- ◆ Board of Directors begins on Page 223; *discussion on page 224*
- ◆ Chief Executive Officer begins on Page 228; *discussion on Page 229*
- ◆ Chief Administrative & Compliance Officer begins on Page 234; note *pie chart on Page 235; discussion on Page 236*
- ◆ General Counsel begins on Page 241; *discussion on page 242*
- ◆ Public Affairs begins on 247; *discussion on page 249*
- ◆ Organizational Development begins on Page 254; *see pie chart on Page 255; discussion on Page 256; Personnel on Page 257*
- ◆ Financial Services Begins on Page 263; *discussion on Page 266*

# Section 6 – Supplemental Schedules

- ◆ Operations & Maintenance Historical Analysis – Begins on Page 277; Bar charts in this section provide context to current budget; ***New this year - See discussion on Page 288***
- ◆ Personnel - Begins on Page 289; discussion on Page 291; ***New this year – See discussion on Page 292; analysis on Page 293 to 294; turnover analysis on 295 - 298;***
- ◆ Utilities – begins on Page 306
- ◆ Bulk Chemicals – begins on Page 311
- ◆ Shared Services - begins on Page 317

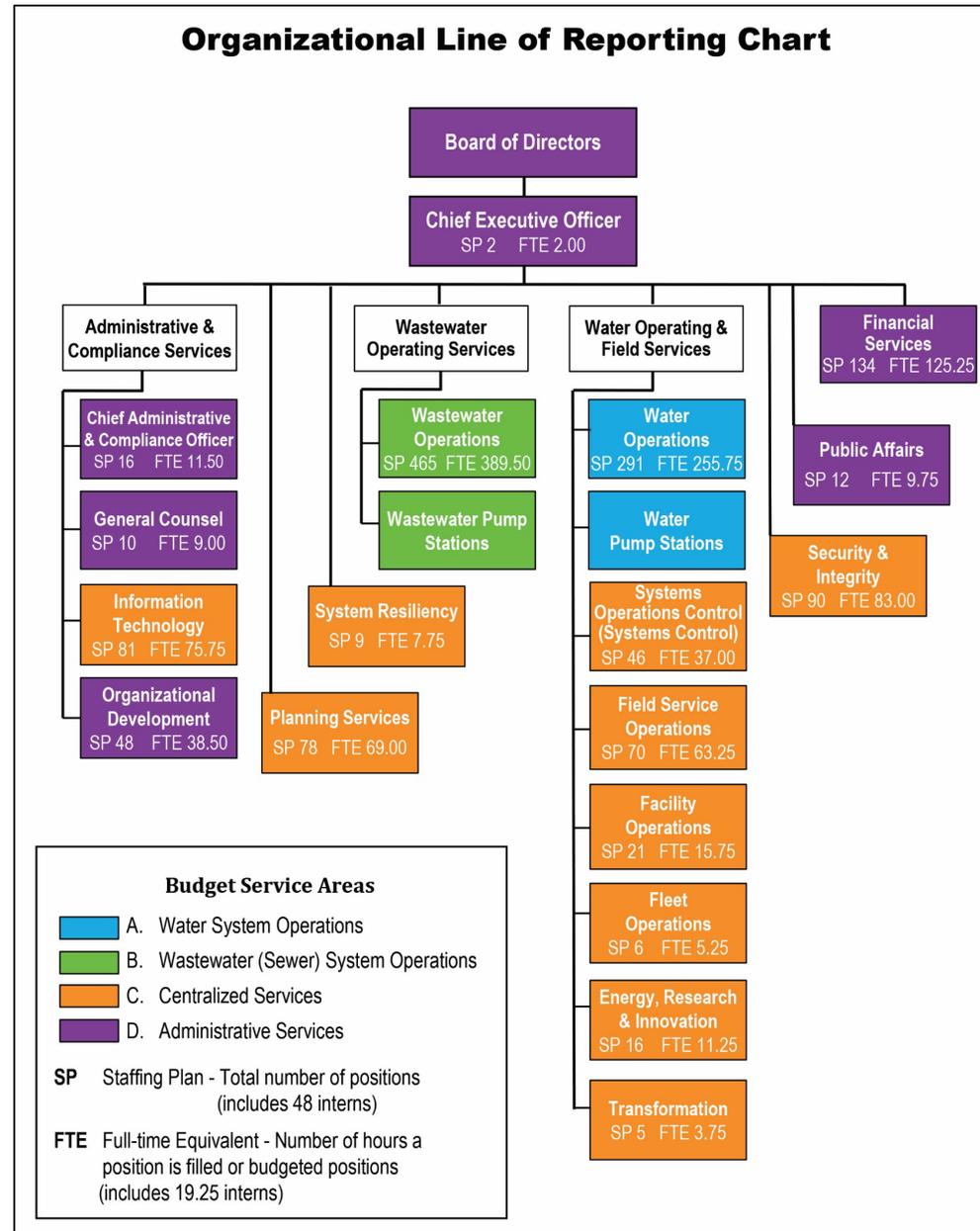
## Section 6 – Supplemental Schedules (continued)

- ◆ Water Residential Assistance Plan – begins on Page 320
- ◆ Legacy Commitments – Begins on Page 326
- ◆ Capital Outlay - Begins on Page 330

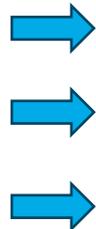
# Personnel

## Organizational Line of Reporting Chart

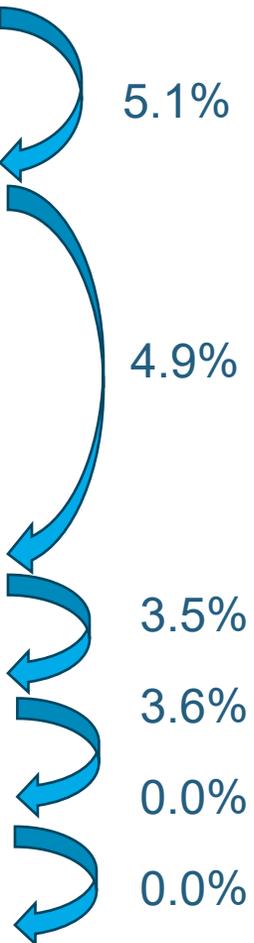
Page 32



# Salaries & Wages



| <b>Salaries &amp; Wages Budget Rollforward Analysis</b> <i>(excludes Apprentices &amp; Interns)</i>  |                       |
|--|-----------------------|
| <b>FY 2026 Adopted Budget</b> - Based on wage rates in effect at time that budget was prepared in <b>October 2024</b> for fiscal year that <b>begins July 1, 2025</b>  | \$ 86,632,900         |
| Plus: <b>FY 2026 First Quarter Budget Amendment (as of September 2025)</b><br>Merit, Market, Certification and Skill-based Stipends, and Promotions<br>(including effect of base pay adjustment impacts since November 2024) | 4,453,700             |
| <b>FY 2026 Amended Budget</b> as of September 30, 2025   | <b>\$ 91,086,600</b>  |
| <b>FY 2026 Personnel Actions</b> That Impact Beginning Salaries Budget at July 1, 2026   |                       |
| Plus: Turnover - FY 2026 New hires for 99 positions budgeted at 30 FTE   | 5,144,000             |
| Less: Turnover - FY 2026 Terminations of 83 now budgeted at zero or 0.25 FTE   | (4,065,700)           |
| Plus: Compensation for 12 Apprentices that graduated and filled regular vacancies - reclassified from Workforce Development Line Item to Salaries & Wages Line item  | 1,041,800             |
| Plus: Reclassification of 12 Wastewater Operations positions now filled by regular team members rather than transition contractor  | 1,940,100             |
| Other  | 401,200               |
| <b>Net FY 2026 Personnel Actions</b>   | <b>4,461,400</b>      |
| <b>Proposed FY 2027 Budget</b>   | <b>\$ 95,548,000</b>  |
| FY 2028 Assumes no change in staffing positions and increase of 45 FTE   | 3,376,500             |
| <b>Proposed FY 2028 Budget</b>   | <b>\$ 98,924,500</b>  |
| FY 2029 Assumes no change in staffing positions and increase of 47.5 FTE   | 3,581,400             |
| <b>Proposed FY 2029 Budget</b>   | <b>\$ 102,505,900</b> |
| FY 2030 Assumes net turnover is zero impact and market evaluates as July 1 approaches  | -                     |
| <b>Proposed FY 2030 Budget</b>   | <b>\$ 102,505,900</b> |
| FY 2031 Assumes net turnover is zero impact and market evaluates as July 1 approaches  | -                     |
| <b>Proposed FY 2030 Budget</b>   | <b>\$ 102,505,900</b> |



- 💧 See Personnel Page 292
- 💧 Comparing Adopted Budget to Adopted Budget for Salary & Wages is not accurate view
- 💧 This is because “Adopted” Budget has Salary & Wages from previous October
- 💧 First Quarter Budget Amendment increases Salary & Wages Line and Decreases Unallocated Reserve
- 💧 Compare Amended Budget to Subsequent Year Adopted
- 💧 **Note: Percentages include merit, promotions, vacancies filled net of terminations, and other adjustments**

# Vacancy - 2.3% of FTE as of December 31, 2025

| <i>Staffing &amp; Vacancy History (excludes interns)</i> |              |              |              |                |         |         |
|--|--------------|--------------|--------------|----------------|---------|---------|
|  | FY 2023      | FY 2024      | FY 2025      | FY 2026        | FY 2027 | FY 2028 |
| <b>Staffing Plan</b>                                     |              |              |              |                |         |         |
| Budgeted Positions                                       | 1,293        | 1,318        | 1,356        | 1,352          | 1,352   | 1,352   |
| Positions Filled at Year-end                             | 1,069        | 1,101        | 1,143        | 1,156 *        |         |         |
| <b>Vacant Staffing Positions</b>                         | <b>224</b>   | <b>217</b>   | <b>213</b>   | <b>196 *</b>   |         |         |
| <b>Vacancy Rate Staffing Positions</b>                   | <b>17.3%</b> | <b>16.5%</b> | <b>15.7%</b> | <b>14.5% *</b> |         |         |
| <b>Full-time Equivalents</b>                             |              |              |              |                |         |         |
| Budgeted Positions                                       | 1,234        | 1,153        | 1,203        | 1,181          | 1,194   | 1,245   |
| Positions Filled at Year-end                             | 1,066        | 1,099        | 1,141        | 1,154 *        |         |         |
| <b>Vacant Full-time Equivalent</b>                       | <b>168</b>   | <b>54</b>    | <b>62</b>    | <b>27 *</b>    |         |         |
| <b>Vacancy Rate Full-time Equivalent</b>                 | <b>13.6%</b> | <b>4.7%</b>  | <b>5.2%</b>  | <b>2.3% *</b>  |         |         |

*\*As of 12.21.2025*

- 💧 Vacancy Table on Page 296
- 💧 To control budget growth, FTEs budgeted at low end of range
- 💧 The delta between budgeted and hired compensation comes from other positives varies (eg replacing a contractor) then Unallocated Reserve

*GLWA is entering a new era of personnel management as staffing stabilizes and financial resources are restrained*

# Staffing – Then and Now

- ◆ Strategic goals from five years ago have translated into staffing positions – especially over past three years
  - ◆ Insource capital delivery talent
  - ◆ Insource specialized skilled trades via apprenticeships& recruitment
  - ◆ Increase capital delivery and management of capital portfolio
  - ◆ Become an asset management centric organization
- ◆ January 2026 payroll roster demonstrates achievement of goals
  - ◆ 12 Life Cycle Project Managers (6 Water, 6 Sewer)
  - ◆ 25 Electricians (6 Water, 8 Sewer, 10 Field Services, 1 Facilities)
  - ◆ 11 Capital Improvement Planning Team Members (Centralized)
  - ◆ 10 Asset Management Team Members (Centralized)
- ◆ Recruiting Life Cycle Project Managers is still a top priority