

Financial Services Audit Committee Communication

Date: December 8, 2023

To: Great Lakes Water Authority Audit Committee

From: Lisa L. Mancini. Financial Services Area Chief of Staff

Re: FY 2024 First Quarter Budget Amendments through September 30, 2023, and

Proposed Budget Amendment Resolution

Background: In accordance with the budget amendment policy, articles, and by-laws for the Great Lakes Water Authority, a quarterly budget amendment report is presented for review by the Audit Committee. When budget amendments are required at the appropriation level as defined by the corresponding fiscal year budget adoption resolution, the Audit Committee will review the proposed budget amendments and forward to the Board of Directors with a recommendation.

Analysis: Highlights of the FY 2024 first quarter budget amendments include the following.

- A. Net increase to the Water System revenues of \$4.3 million (Table 1A)
 - ➤ \$4.0 million revenue decrease Due to the decrease in water sales to Member Partners during the cool, wet first quarter of FY 2024.
 - ➤ \$8.0 million revenue increase Investment earnings adjustment based on revised interest rates provided by the Authority's investment advisor.
 - ➤ \$0.3 million revenue increase Other earnings adjustment based on activity to date for energy rebates, radio tower lease payments received, scrap metal sales, grants (apprentice program and FEMA COVID-19), and other miscellaneous receipts. The source of revenue for this category fluctuates from year to year.
- B. There is an increase to the Water Operations & Maintenance (O&M) Expense of \$10.2 million. (Table 1A). The primary drivers for this increase are as follows.
 - ➤ Utilities \$3.7 million increase Electric is the primary driver in this category. This increase is due to the increased charge for kWh.
 - ➤ Chemicals \$1.0 million increase Chemical costs, primarily Chlorine, Phosphoric Acid, Hydrofluorosilicic Acid (Fluoride), and Alum, have incurred significant cost increases due to supply issues.

- ➤ Contractual Services \$0.4 million increase This increase is due to the Arcadis comprehensive corrosion control optimization study which is ramping up in FY 2024.
- The allocation of the O&M increase from Centralized Services and Administrative & Other Services to Water Operations (\$5.2 million increase) is primarily due to the increase in Supplies & Other and Contractual Services. For additional detail and the explanation of the key changes to the FY 2024 budget within these categories, see Supplemental Information Enterprisewide Operations & Maintenance Department and Account level Amendments (Addendum 1).
- C. Net increase to the Sewer System revenues of \$9.3 million (Table 1B)
 - ➤ \$9.0 million revenue increase Investment earnings adjustment based on revised interest rates provided by the Authority's investment advisor.
 - ➤ \$0.3 million revenue increase Other earnings adjustment based on activity to date for energy rebates, scrap metal sales, grants (FEMA COVID-19), and other miscellaneous receipts. The source of revenue for this category fluctuates from year to year.
- D. There is an increase to the Sewer Operations & Maintenance Expense of \$14.5 million. (Table 1B). The primary drivers for this increase are as follows.
 - ➤ Utilities \$4.5 million increase Water and sewage service are the primary drivers in this category with an increase of \$4.6 million. Water meters have been repaired and replaced at the WRRF (Water Resource Recovery Facility) and bills which had previously contained estimated readings are now being received with actual readings. The actual readings are coming in higher than the estimated readings. In addition, a new water billing structure was implemented in early FY 2023 which has resulted in an increase in the water billing rate. The wastewater facilities impacted most substantially by this rate increase are the WRRF, Oakwood Combined Sewer Overflow, and the Biosolids Dryer Facility (BDF). Other contributors to the change in Utilities are electric \$0.2 million increase and gas \$0.3 million decrease.
 - ➤ Chemicals Increase of \$1.6 million Adjustment for increase in chemical costs (primarily chlorine-based products).
 - ➤ Supplies & Other \$1.5 million increase Due to increase in equipment repairs needed due to reliability and criticality considerations.
 - ➤ Contractual Services Increase of \$1.1 million Continued reliance on the utilization of the facilities maintenance contract with Lakeshore Global Corporation.

The allocation of the O&M increase from Centralized Services and Administrative & Other Services to Sewer Operations (\$5.8 million increase) is primarily due to the increase in Supplies & Other and Contractual Services. For additional detail and the explanation of the key changes to the FY 2024 budget within these categories, see Supplemental Information – Enterprisewide Operations & Maintenance Department and Account level Amendments (Addendum 1).

E. Construction Funds revenues – (Tables 4A and 4B)

- ➤ Bond Proceeds The amended budget amounts represent the November 2023 bond transaction; \$150.0 million has been added for water construction funds and \$100.0 million has been added for sewer construction funds.
- ➤ Grant Revenues (SRF Loans) The amount budgeted for draws of State Revolving Fund (SRF) Loans for both the water (\$34.3 million decrease) and sewer (\$7.4 million increase) construction funds have been adjusted to reflect the timing of project design and construction activity.
- ➤ Bond Fund Earnings on Investments Adjustments have been made to both the water (\$3.5 million increase) and sewer (\$4.5 million increase) construction funds based on revised interest rates provided by the Authority's investment advisor as well as the November 2023 bond transaction.
- F. Construction Funds expenditures Capital Improvement Plan (CIP) (Tables 4A and 4B) The Capital Spending Ratio for the water capital improvement plan is forecasted to decrease from 100.0% to 94.0% which equates to \$14.3 million. The Capital Spending Ratio for the sewer capital improvement plan was decreased from 100.0% to 82.9% which equates to \$34.1 million. These adjustments were based on a review of the spend projections for FY 2024 and discussions with project personnel.

The attached budget amendment report is organized in the following manner.

1. Appropriation Level - Revenue Requirement - Water and Sewer Systems

- A. Water System General Operating Fund
- B. Sewer System General Operating Fund
- C. Total Operating Fund Level Water System and Sewer System (Supplemental Information)
- D. Enterprise-wide Core Groups (Supplemental Information)
- E. Enterprise-wide Operations & Maintenance Account Type (Supplemental Information)

F. Unallocated Reserve by Core Group (Supplemental Information)

2. Appropriation Level - Debt Service - Water and Sewer Systems

- A. Water System Debt Service Coverage Calculation
- B. Sewer System Debt Service Coverage Calculation

3. Appropriation Level - Improvement & Extension Fund - Water and Sewer Systems

- A. Water System Improvement & Extension Fund
- B. Sewer System Improvement & Extension Fund

4. Appropriation Level - Construction Fund - Water and Sewer Systems

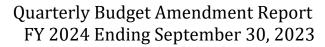
- A. Water System Construction Fund
- B. Sewer System Construction Fund

A budget amendment resolution reflecting the budget amendments is attached.



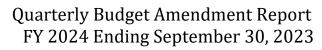
Table 1A - Appropriation Level - Revenue Requirement - Water System General Operating

Table III Tippropriation bever	ne chue ne	44		Water bystem deneral c			
	FY 2024		Total				
	Board	1	st Quarter	FY 2024	FY 2024		
	Adopted		FY 2024	Amended	Activity Thru		
Water System	Budget	Ar	mendments	Budget	9/30/2023		
Revenues							
Suburban Wholesale Customer Charges	\$ 340,540,600	\$	(4,000,000)	\$ 336,540,600	\$ 91,032,900		
Less: Bad Debt Expense	-		-	-	-		
Retail Service Charges	25,537,200		-	25,537,200	6,384,300		
Investment Earnings - Unrestricted	3,067,000		5,463,200	8,530,200	2,803,400		
Investment Earnings - Restricted for Debt Service	994,700		2,536,800	3,531,500	809,100		
Investment Earnings	4,061,700	-	8,000,000	12,061,700	3,612,500		
Other Revenues	175,000		265,000	440,000	239,100		
Total Revenues	\$ 370,314,500	\$	4,265,000	\$ 374,579,500	\$ 101,268,800		
Revenue Requirements				· · · · · · · · · · · · · · · · · · ·			
Operations & Maintenance Expense	\$ 152,906,400	\$	10,194,100	\$ 163,100,500	\$ 40,205,200		
General Retirement System Legacy Pension	_		_	<u>-</u>	_		
Debt Service	159,482,800		3,151,200	162,634,000	39,870,700		
General Retirement System Accelerated Pension	3,395,500		(1,890,000)	1,505,500	848,900		
Extraordinary Repair & Replacement Deposit	_		-	<u>-</u>	_		
Water Residential Assistance Program Contribution	1,851,600		_	1,851,600	462,900		
Regional System Lease	22,500,000		-	22,500,000	5,625,000		
DWSD Budget Shortfall Pending	-		-	· · · · · -	-		
Receiving Fund Working Capital Requirement	_		1,400,000	1,400,000	_		
Improvement & Extension Fund Transfer Pending	30,178,200		(8,590,300)	21,587,900	7,544,600		
Total Revenue Requirements	\$ 370,314,500	\$	4,265,000	\$ 374,579,500	\$ 94,557,300		
Net Actual to Date	\$ -	\$	-	\$ -	\$ 6,711,500		





Appropriation Level - Revenue Rec	quirement - Water System General Operating Budget Amendment Explanation
Revenues	
Suburban Wholesale Customer	The budget amendment proposed is due to decreased water sales to Member Partners
Charges	during the cool, wet first quarter of FY 2024.
Bad Debt	No budget amendment is required.
Retail Services Charges	No budget amendment is required.
Investment Earnings	The increase is based on the revised interest rates provided by the Authority's investment advisor.
Other Revenues	The budget amendment proposed is based on activity to date for energy rebates, radio tower lease payments received, scrap metal sales, grants (apprentice program and FEMA COVID-19), and other miscellaneous receipts. This source of revenue fluctuates from year to year.
Revenue Requirements (Expenditure	
Operations & Maintenance Expense	The Water O&M budget is being increased by \$10.2 million to cover the cost increases projected for FY 2024 (details can be found in the Highlights section beginning on the first page of this document).
General Retirement System Legacy Pension	No budget amendment is required.
Debt Service	The increase is due to the new bond sale and revision of the SRF schedules (timing of the draws).
General Retirement System Legacy	The decrease is due to the reduction of the pension obligation to administrative fees only
Pension – Accelerated Payment	plus the B/C notes.
Extraordinary Repair &	No budget amendment is required. This is a formulaic requirement in the Master Bond
Replacement Deposit	Ordinance. Based on adopted and amended budget, no adjustment is required.



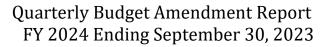


Appropriation Level - Revenue Rec	Appropriation Level - Revenue Requirement - Water System General Operating Budget Amendment Explanation				
Water Residential Assistance	No budget amendment is required. Budget is fixed at time of budget adoption.				
Program Contribution					
Regional System Lease	No budget amendment is required. Lease payment is established in accordance with terms				
	of the lease.				
DWSD Budget Shortfall Pending	No budget amendment is proposed at this time.				
Receiving Fund Working Capital	To balance to the working capital liquidity requirements based on the increased budgeted				
Requirement	operating expenses. Includes Extraordinary Repair & Replacement funding.				
Improvement & Extension Fund	Represents annual funding for pay-as-you-go capital improvement program. Budget				
Transfer Pending	amendments to revenues, bad debt, investment earnings, O&M expense, debt service, and				
	DWSD budget shortfall affect this line item.				



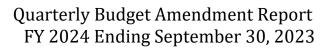
Table 1B - Appropriation Level - Revenue Requirement - Sewer System General Operating

		<u> </u>		
	FY 2024 Board Adopted	Total 1st Quarter FY 2024	FY 2024 Amended	FY 2024 Activity Thru
Sewer System	Budget	Amendments	Budget	9/30/2023
Revenues				
Suburban Wholesale Customer Charges	\$ 282,687,600	\$ -	\$ 282,687,600	\$ 69,854,100
Less: Bad Debt Expense	-	-	-	-
Retail Service Charges	196,569,600	-	196,569,600	49,142,400
Industrial Waste Control Charges	8,584,200	-	8,584,200	2,153,300
Pollutant Surcharges	5,328,300	-	5,328,300	1,142,200
Investment Earnings - Unrestricted	5,567,000	7,832,700	13,399,700	3,713,700
Investment Earnings - Restricted for Debt Service	1,490,300	1,167,300	2,657,600	1,235,500
Investment Earnings	7,057,300	9,000,000	16,057,300	4,949,200
Other Revenues	400,000	317,000	717,000	412,500
Total Revenues	\$ 500,627,000	\$ 9,317,000	\$ 509,944,000	\$ 127,653,700
Revenue Requirements				
Operations & Maintenance Expense	\$ 205,643,700	\$ 14,484,700	\$ 220,128,400	\$ 51,332,500
General Retirement System Legacy Pension	-	-	-	-
Debt Service	228,328,300	3,453,300	231,781,600	57,082,100
General Retirement System Accelerated Pension	6,479,300	(3,382,500)	3,096,800	1,619,800
Extraordinary Repair & Replacement Deposit	_	_	-	-
Water Residential Assistance Program Contribution	2,503,100	-	2,503,100	625,800
Regional System Lease	27,500,000	-	27,500,000	6,875,000
DWSD Budget Shortfall Pending	-	-	-	-
Improvement & Extension Fund Transfer Pending	30,172,600	(5,238,500)	24,934,100	7,543,100
Total Revenue Requirements	\$ 500,627,000	\$ 9,317,000	\$ 509,944,000	\$ 125,078,300
Net Actual to Date	\$ -	\$ -	\$ -	\$ 2,575,400





Appropriation Level - Revenue Rec	quirement - Sewer System General Operating Budget Amendment Explanation
Revenues	
Suburban Wholesale Customer	No budget amendment is required.
Charges	
Bad Debt	No budget amendment is required.
Retail Services Charges	No budget amendment is required.
Industrial Waste Control Charges	No budget amendment is required.
Pollutant Surcharges	No budget amendment is required.
Investment Earnings	The increase is based on the revised interest rates provided by the Authority's investment advisor.
Other Revenues	The budget amendment proposed is based on activity to date for energy rebates, scrap
	metal sales, grants (FEMA COVID-19), and other miscellaneous receipts. This source of
	revenue fluctuates from year to year.
Revenue Requirements (Expenditur	es)
Operations & Maintenance Expense	The Sewer O&M budget is being increased by \$14.5 million to cover the additional cost
	increases projected for FY 2024 (details can be found in the Highlights section beginning
	on the first page of this document).
General Retirement System Legacy	No budget amendment is required.
Pension	
Debt Service	The increase is due to the new bond sale and revision of the SRF schedules (timing of the
	draws).
General Retirement System Legacy	The decrease is due to the reduction of the pension obligation to administrative fees only
Pension – Accelerated Payment	plus the B/C notes.
Extraordinary Repair &	No budget amendment is required. This is a formulaic requirement in the Master Bond
Replacement Deposit	Ordinance. Based on adopted and amended budget, no adjustment is required.





Appropriation Level - Revenue Requirement - Sewer System General Operating Budget Amendment Explanation					
Water Residential Assistance	No budget amendment is required. Budget is fixed at time of budget adoption.				
Program Contribution					
Regional System Lease	No budget amendment is required. Lease payment is established in accordance with term				
	of the lease.				
DWSD Budget Shortfall Pending	No budget amendment is proposed at this time.				
Improvement & Extension Fund	Represents annual funding for pay-as-you-go capital improvement program. Budget				
Transfer Pending	amendments to revenues, bad debt, investment earnings, debt service, and DWSD budget				
	shortfall affect this line item.				



Table 1C - Supplemental Information - Operating Fund Level - Water System and Sewer System

	FY 2024	Total		
	Board	1st Quarter	FY 2024	FY 2024
	Adopted	FY 2024	Amended	Activity Thru
System	Budget	Amendments	Budget	9/30/2023
Water System	\$ 152,906,400	\$ 10,194,100	\$ 163,100,500	\$ 40,205,200
Sewer System	205,643,700	14,484,700	220,128,400	51,332,500
Total	\$ 358,550,100	\$ 24,678,800	\$ 383,228,900	\$ 91,537,700

As shown in the table above, there are no budget amendments for transfers of resources between the water and sewer funds. It is unforeseen that such an amendment would occur as each system is accounted for as a stand-alone entity. The purpose of this table is to transparently report that funds from one system do not provide budget support to the other system.



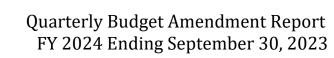
Table 1D - Supplemental Information - Enterprise-wide Core Groups

O&M Major Budget Categories (Core Groups)	FY 2024 Board Adopted Budget		Board 1s Adopted		FY 2024 Amended Budget	FY 2024 Activity Thru 9/30/2023		
A Water System Operations	\$	82,732,800	\$	5,005,400	\$ 87,738,200	\$	22,364,700	
B Wastewater System Operations		132,934,300		8,721,500	141,655,800		34,956,100	
C Centralized Services		106,900,500		9,636,900	116,537,400		26,110,500	
D Administrative & Other Services		35,982,500		1,315,000	37,297,500		8,106,400	
Total	\$	358,550,100	\$	24,678,800	\$ 383,228,900	\$	91,537,700	

A subset of the operating funds are core groups that account for A) direct cost of water operations, B) direct cost of sewer operations, C) centralized services (E.g., systems resiliency, field services, security, information technology, facilities, and fleet), D) administrative services (E.g., finance, public affairs, general counsel, and organizational development). The costs of the latter two categories are allocated to the water and sewer systems based upon an internal cost allocation plan that is performed on an annual basis.

Through the first quarter FY 2024, the following amendments are being proposed (details can be found in the Highlights section beginning on the first page of this document).

- A-Water System Operations The Water O&M budget is being increased an additional \$5.0 million to cover the cost increases projected for FY 2024.
- B-Wastewater System Operations The Sewer O&M budget is being increased \$8.7 million to cover the cost increases projected for FY 2024.
- C-Centralized Services The Centralized Services O&M budget is being increased \$9.6 million to cover the cost increases projected for FY 2024. The costs in this category are allocated to the water and sewer systems.





• D-Administrative & Other Services - The Administrative & Other Services O&M budget is being increased \$1.3 million to cover the cost increases projected for FY 2024. The costs in this category are allocated to the water and sewer systems.

For more activity within these groups, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).*



Table 1E - Supplemental Information - Enterprise-wide Operations & Maintenance Account Type

O&M Expense Categories (Account Type)	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 9/30/2023
Personnel Costs	\$ 120,887,100	\$ 285,000	\$ 121,172,100	\$ 29,577,600
Utilities	63,395,200	8,220,300	71,615,500	18,690,000
Chemicals	30,451,800	2,656,800	33,108,600	7,826,200
Supplies & Other	34,019,500	8,642,500	42,662,000	8,915,800
Contractual Services	106,889,200	4,874,200	111,763,400	27,453,400
Capital Program Allocation	(4,232,700)	-	(4,232,700)	(523,000)
Shared Services	(1,655,800)	-	(1,655,800)	(402,300)
Unallocated Reserve	8,795,800	-	8,795,800	-
Total	\$ 358,550,100	\$ 24,678,800	\$ 383,228,900	\$ 91,537,700

The table above presents the Operations & Maintenance budget by the major expense categories (account type).

For additional detail and the explanation of the key changes to the FY 2024 budget within these categories, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).*

For an additional view of the Operations & Maintenance budget by expense category (account type) and by departmental level, see Supplemental Information - Enterprise-wide Operations & Maintenance Account Type and Departmental Level Amendments (Addendum 2).



Table 1F - Supplemental Information - Unallocated Reserve by Core Group

O&M Unallocated Reserves	FY 2024 Board Adopted Budget	Total st Quarter FY 2024 mendments	FY 2024 Amended Budget
Water System Operations	\$ 3,331,400	\$ 9,900	\$ 3,341,300
Wastewater System Operations	3,089,900	(9,900)	3,080,000
Centralized Services	1,722,200	-	1,722,200
Administrative & Other Services	652,300	-	652,300
Total	\$ 8,795,800	\$ -	\$ 8,795,800

An Unallocated Reserve account is established for each of the four core groups. Budget is assigned to these accounts to cover expenditures not known at the time the budget is developed (merit increases, fluctuations within maintenance contracts and usage of utilities and chemicals, projects and initiatives not planned at the time the initial budget was developed, etc.). It is GLWA's internal budget directive for each area, group, and team to manage their needs to an amount within the initial budget. If required, an amendment is made from the unallocated reserve. If an area does not require as much funding as was established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased.

For additional information on the FY 2024 changes to the unallocated reserve, see *Supplemental Information - Enterprise-wide Operations & Maintenance Department and Account Level Amendments (Addendum 1).*



Table 2A - Appropriation Level - Debt Service Coverage Calculation - Water System

		FY 2024		st Quarter FY 2024 nendments	A	Stimated djustment to Local	FY 2024
Wate	er System - Debt Service Coverage	Adopted		Regional	System		Amended
	ulation	Budget		System		Budget	Budget
Rev	enues						
1	Regional System Wholesale Revenues	\$366,077,800	\$	(4,000,000)	\$	-	\$362,077,800
2	Local System Revenues	89,140,400		-		-	89,140,400
3	Miscellaneous Revenue (Local System)	4,210,000		-		-	4,210,000
4	Non-Operating Revenue (Regional System)	4,236,700		8,265,000		-	12,501,700
5	Total Revenues	\$463,664,900	\$	4,265,000	\$	-	\$467,929,900
	enue Requirements rations & Maintenance Expense						
6	Regional System Wholesale Expenses	\$152,906,400	\$	10,194,100	\$	-	\$163,100,500
7	Local System Expenses	44,756,000		-		-	44,756,000
8	GRS Pension allocable to Regional System	-		-		-	-
9	GRS Pension allocable to Local System	-		-		-	-
10	Total Operations & Maintenance						
	Expense	197,662,400		10,194,100		-	207,856,500
11	Net Revenues after Operations &		_		_		
	Maintenance Expense	\$266,002,500	\$	(5,929,100)	\$	-	\$ 260,073,400
	t Service by Lien						
12	Senior Lien Bonds	\$136,224,100	\$	3,653,400	\$	-	\$139,877,500
13	Second Lien Bonds	51,754,500		-		-	51,754,500
14		16,469,500		(502,200)		169,300	16,136,600
15	Total Debt Service	\$204,448,100	\$	3,151,200	\$	169,300	\$207,768,600
	t Service Coverage						,
16	Senior Lien Bonds (11)/(12)	1.95		(0.09)		0.00	1.86
17	Second Lien Bonds (11) / [(12)+(13)]	1.42		(0.06)		0.00	1.36
18	SRF Junior Lien Bonds (11) / (15)	1.30		(0.05)		0.00	1.25

^{*} Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The approved GLWA budget was based on preliminary DWSD budget information.

^{**} Total Debt Service, highlighted in dark grey (Row 15) in the above table, is adopted by the GLWA Board.



Appropriation Level - De	bt Service - Water System Debt Service Coverage Calculation Budget Amendment					
Explanation						
Total Debt Service	For purposes of Debt Service coverage, we look at the combined Regional and Local					
	(DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues					
	to calculate the Debt Service Coverage. The Board adopts the Debt Service amount shown					
	on line 15 of the Water System Debt Service Coverage Calculation table on the previous					
	page. This is the amount necessary to pay the principal and interest on all Regional Water					
	System bonds and to restore any reserves therefore established in the Master Bond					
	Ordinance.					



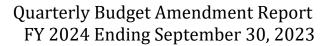
Table 2B - Appropriation Level - Debt Service Coverage Calculation - Sewer System

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justment o Local FY 2024
System Amended
Budget Budget

- \$493,169,700
- 83,940,300
- 8,500,000
- 16,774,300
- \$602,384,300
- \$220,128,400
- 55,655,400
- 275,783,800
- \$326,600,500
- \$158,940,100
- 53,380,100
(48,600) 51,634,400
(48,600) \$263,954,600
0.00 2.05
0.00 1.54
0.00 1.24
3

^{*} Rows highlighted in light grey in the above table are designed to align with the DWSD Budget. The approved GLWA budget was based on preliminary DWSD budget information.

^{**} Total Debt Service, highlighted in dark grey (Row 15) in the above table, is adopted by the GLWA Board.





Appropriation Level - Debt Se	rvice - Sewer System Debt Service Coverage Calculation Budget Amendment
Explanation	
Total Debt Service	For purposes of Debt Service coverage, we look at the combined Regional and Local (DWSD) revenue less operations & maintenance (O&M) expense to determine net revenues to calculate the Debt Service Coverage. The Board adopts the Debt Service amount shown on line 15 of the Sewer System Debt Service Coverage Calculation table on the previous
	page. This is the amount necessary to pay the principal and interest on all Regional Sewer System bonds and to restore any reserves therefore established in the Master Bond Ordinance.

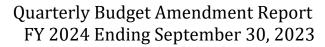


Table 3A - Appropriation Level - Improvement & Extension Fund - Water System

Water Improvement & Extension Fund	FY 2024 Total Board 1st Quarter Adopted FY 2024 Budget Amendments		FY 2024 Amended Budget		FY 2024 Activity Th 9/30/202		
Revenues							
Water System Transfers In from General Operating	\$ 30,178,200	\$	(8,590,300)	\$	21,587,900	\$	7,544,600
Earnings on Investments (a)	1,694,800		510,400		2,205,200		1,496,500
Net Use (Increase) of Reserves	(10,926,100)		26,139,300		15,213,200		-
Total Revenues	\$ 20,946,900	\$	18,059,400	\$	39,006,300	\$	9,041,100
Expenditures							
Water System Revenue Transfers Out (a)	\$ 1,694,800	\$	510,400	\$	2,205,200	\$	1,498,400
Capital Spending - Other	-		-		-		-
Capital Outlay	11,539,100		(3,488,000)		8,051,100		2,652,200
Revenue Financed Capital -							
Transfer to/(from) Construction Fund	7,713,000		21,037,000		28,750,000		-
Total Expenditures	\$ 20,946,900	\$	18,059,400	\$	39,006,300	\$	4,150,600

⁽a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

Appropriation Level - Improvement & Extension Fund - Water System Budget Amendment Explanation							
Revenues							
Transfers In from General Operating	The proposed budget amendment is to match the amount available for transfer from the						
	FY 2024 revenue requirement based upon general operating fund performance. (see I&E						
	Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Water						
	System General Operating table).						





Appropriation Level - Improvemen	t & Extension Fund - Water System Budget Amendment Explanation			
Earnings on Investments	The increase is based on the revised interest rates. Note: There is a corresponding transfer			
	of earnings back to the general operating fund as allowed by the Master Bond Ordinance.			
	The net effect on the I&E Fund is zero as the earnings are budgeted and accounted for in			
	the operating fund to lower revenue requirement for charges.			
Net Use (Increase) of Reserves	This amount represents the net amount of revenues less expenses. A negative amount			
	represents an increase in reserves from current year activity rather than a use of reserves.			
Expenditures				
Water System Revenue Transfers	The increase is based on the revised interest rates. Note: This line offsets Earnings on			
Out (Earnings on Investments)	Investments and represents the transfer of earnings back to the general operating fund a			
	allowed by the Master Bond Ordinance. Any variance in activity between the two lines			
	represents a timing difference.			
Capital Spending - Other	No budget amendment is required. This line represents an adjustment to the projects in			
	the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt			
	financing as well as other unique, nonrecurring projects/purchases for the betterment of			
	the system.			
Capital Outlay	The proposed budget amendment reflects the decrease in spending which is primarily			
	driven by the change in funding source (from 0&E to 0&M) for unique, nonrecurring items			
	that cannot be capitalized (\$3.8 million decrease). The proposed amendment also includes			
	an increase of \$0.3 million for changes in project start dates.			
Revenue Financed Capital – Transfer	The proposed budget amendment reflects a rebalancing of use of I&E and Construction			
to/(from) Construction Fund	funds for Capital Projects.			

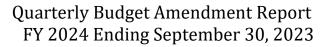


Table 3B - Appropriation Level - Improvement & Extension Fund - Sewer System

	FY 2024		Total				
	Board	1	st Quarter		FY 2024		FY 2024
Sewer	Adopted		FY 2024	Amended		Activity Thru	
Improvement & Extension Fund	Budget	A	mendments		Budget		9/30/2023
Revenues							
Sewer System Transfers In from General Operating	\$ 30,172,600	\$	(5,238,500)	\$	24,934,100	\$	7,543,100
Receipt of DWSD Shortfall Loan Interest	-		-		-		-
Earnings on Investments (a)	2,133,000		2,426,700		4,559,700		1,499,000
Net Use (Increase) of Reserves	(15,202,100)		40,795,300		25,593,200		-
Total Revenues	\$ 17,103,500	\$	37,983,500	\$	55,087,000	\$	9,042,100
Expenditures							
Sewer System Revenue Transfers Out (a)	\$ 2,133,000	\$	2,426,700	\$	4,559,700	\$	1,989,500
Capital Spending - Other	-		-		-		177,800
Capital Outlay	14,970,500		(3,443,200)		11,527,300		1,156,100
Revenue Financed Capital -			·				
Transfer to/(from) Construction Fund	-		39,000,000		39,000,000		-
Total Expenditures	\$ 17,103,500	\$	37,983,500	\$	55,087,000	\$	3,323,400

⁽a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.

Appropriation Level - Improvement & Extension Fund - Sewer System Budget Amendment Explanations								
Revenues								
1	FY 2024 revenue requirement based upon general operating fund performance. (see I&E Fund Transfer Pending line on the Appropriation Level-Revenue Requirement-Sewer							





Appropriation Level - Improvemen	t & Extension Fund - Sewer System Budget Amendment Explanations
Earnings on Investments	The increase is based on the revised interest rates. Note: There is a corresponding transfer
	of earnings back to the general operating fund as allowed by the Master Bond Ordinance.
	The net effect on the I&E Fund is zero as the earnings are budgeted and accounted for in
	the operating fund to lower revenue requirement for charges.
Net Use (Increase) of Reserves	This amount represents the net amount of revenues less expenditures. A negative amount
	represents an increase in reserves from current year activity rather than a use of reserves.
Expenditures	
Sewer System Revenue Transfers	The increase is based on the revised interest rates. Note: This line offsets Earnings on
Out (Earnings on Investments)	Investments and represents the transfer of earnings back to the general operating fund
	as allowed by the Master Bond Ordinance. Any variance in activity between the two lines
	represents a timing difference.
Capital Spending – Other	No budget amendment is required. This line represents an adjustment to the projects in
	the Board adopted capital improvement plan (CIP) that do not meet the criteria for debt
	financing as well as other unique, nonrecurring projects/purchases for the betterment of
	the system.
Capital Outlay	The proposed budget amendment reflects the decrease in spending which is primarily
	driven by the change in funding source (from O&E to O&M) for unique, nonrecurring
	items that cannot be capitalized (\$3.8 million decrease). The proposed amendment also
	includes an increase of \$0.4 million for changes in project start dates.
Revenue Financed Capital – Transfer	The proposed budget amendment reflects a rebalancing of use of I&E and Construction
to/(from) Construction Fund	funds for Capital Projects.



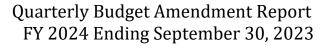
Table 4A - Appropriation Level - Construction Fund - Water System

Table 4A - Appropriation Level - Construction Fi	illu	- water syste	111			
		FY 2024 Board		Total 1st Quarter	FY 2024	FY 2024
Water		Adopted		FY 2024	Amended	ctivity Thru
Construction Fund		Budget	Α	mendments	Budget	9/30/2023
Revenues						
Transfer (to)/from Improvement & Extension Fund	\$	7,713,000	\$	21,037,000	\$ 28,750,000	\$ -
Bond Proceeds		-		150,000,000	150,000,000	-
Bond Fund Earnings on Investments		1,864,700		3,500,000	5,364,700	1,532,800
Grant Revenues (SRF Loans)		97,102,000		(34,297,000)	62,805,000	13,800,800
Net Use (Increase) of Reserves		132,580,300	((154,500,000)	(21,919,700)	-
Total Revenues	\$	239,260,000	\$	(14,260,000)	\$ 225,000,000	\$ 15,333,600
Expenditures						
Transfer Out	\$	-	\$	-	\$ -	\$ -
Capital Improvement Plan (a)		239,260,000		(14,260,000)	225,000,000	36,102,500
Capital Spend Rate Adjustment		-		-	-	-
Total Expenditures (a)	\$	239,260,000	\$	(14,260,000)	\$ 225,000,000	\$ 36,102,500
(a) Plus Direct I&E Projects		-		-	<u>-</u>	
Total CIP Expenditures		239,260,000		(14,260,000)	225,000,000	
Total Published Capital Improvement Plan		239,260,000			239,260,000	
Capital Spending Ratio		100.0%			94.0%	

⁽a) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.



Appropriation Level - Construction Fund - Water System Budget Amendment Explanations					
Revenues					
Transfers (to)/from Improvement & Extension Fund	The proposed budget amendment is to match the amount available for transfer to the FY 2024 Improvement & Extension Fund (see Revenue Financed Capital-Operating Transfer to/from Construction Fund line on the Appropriation Level-Improvement & Extension Fund-Water System table). The proposed budget amendment reflects a rebalancing of use of I&E and				
D 10 1	Construction funds for Capital Projects.				
Bond Proceeds	The proposed budget amendment is to record the proceeds from the November 2023 bond transaction.				
Earnings on Investments	The proposed budget amendment reflects the estimated investment earnings from the November				
	2023 bond transaction as well as an adjustment based on the revised interest rates provided by				
	the Authority's investment advisor.				
Grant Revenues	State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and				
(State Revolving Fund Loans)	timing of revenues fluctuates with project expenditures incurred. The proposed amendment reflects the timing of project design and construction activity. Details related to the SRF projects are presented in the semiannual debt report. The most recent semiannual debt report is presented in the November 2023 Audit Committee binder which provides details related to the SRF funding and associated projects.				
Net Use (increase) of Reserves	This amount represents the net amount of revenues less expenditures. A "use of reserves"				
Net use (increase) of Reserves	indicates a spend down of prior year reserves. The amount has been amended to reflect the anticipated decrease in the Capital spend rate from 100.0% to 94.0% as well as the changes in revenues from Bond proceeds, SRF loans, and transfer (to)/from the I&E fund.				
Expenditures					
Capital Improvement Plan	This line represents an adjustment to the Capital Spend Ratio for the Water Capital Improvement Plan which is forecasted to decrease from 100.0% to 94.0%. This adjustment is based on a review of the spend projections for FY 2024 and discussions with project personnel.				





Appropriation Level - Construction Fund - Water System Budget Amendment Explanations

Capital Spend Rate Assumption Adjustment The proposed budget amendment represents the decrease in the projected Capital Spend Rate for the Water CIP from 100.0% to 94.0%. The Board of Directors adopts a capital spending ratio assumption (SRA) which allows the realities of capital program delivery to align with the financial plan. The SRA is an analytical approach to bridge the total dollar amount of projects in the CIP with what can realistically be spent due to limitations beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations, whether financial or non-financial, necessitate the SRA for budgetary purposes, despite the prioritization established. Amendments to the spend rate assumption are made to align the projected financial use of resources with revised capital improvement plan spending forecasts. The most recent quarterly construction work-in-progress (CWIP) report is presented in the September 2023 Audit Committee binder.



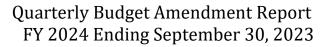
Table 4B - Appropriation Level - Construction Fund - Sewer System

	 201101 23200			
Sewer Construction Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 ctivity Thru 9/30/2023
Revenues	<u> </u>		j	
Transfer (to)/from Improvement & Extension Fund	\$ -	\$ 39,000,000	\$ 39,000,000	\$ -
Bond Proceeds	-	100,000,000	100,000,000	-
Bond Fund Earnings on Investments	2,365,600	4,500,000	6,865,600	1,955,200
Grant Revenues (SRF Loans)	47,253,000	7,423,000	54,676,000	8,603,100
Net Use (Increase) of Reserves	149,442,400	(184,984,000)	(35,541,600)	-
Total Revenues	\$ 199,061,000	\$ (34,061,000)	\$ 165,000,000	\$ 10,558,300
Expenditures				
Transfer Out	\$ -	\$ -	\$ -	\$ -
Capital Improvement Plan (a)	199,061,000	(34,061,000)	165,000,000	24,952,100
Capital Spend Rate Adjustment	-	-	-	-
Total Expenditures (a)	\$ 199,061,000	\$ (34,061,000)	\$ 165,000,000	\$ 24,952,100
(a) Plus Direct I&E Projects	-	-	-	
Total CIP Expenditures	199,061,000	(34,061,000)	165,000,000	
Total Published Capital Improvement Plan	199,061,000		199,061,000	
Capital Spending Ratio	100.0%		82.9%	

⁽b) Note: As outlined in the Master Bond Ordinance, the investment earnings in the I&E Fund are transferred to the Receiving Fund. The impact is to reduce revenue required from charges when calculating the annual Revenue Requirement budget.



Appropriation Level - Construction	Fund – Sewer System Budget Amendment Explanations
Revenues	
Transfers (to)/from Improvement &	The proposed budget amendment is to match the amount available for transfer from the
Extension Fund	FY 2024 Improvement & Extension Fund (see Revenue Financed Capital-Operating
	Transfer to/from Construction Fund line on the Appropriation Level-Improvement &
	Extension Fund-Sewer System table). The proposed budget amendment reflects a
	rebalancing of use of I&E and Construction funds for Capital Projects.
Bond Proceeds	The proposed budget amendment is to record the proceeds from the November 2023 bond transaction.
Earnings on Investments	The proposed budget amendment reflects the estimated investment earnings from the
	November 2023 bond transaction as well as an adjustment based on the revised interest
	rates provided by the Authority's investment advisor.
Grant Revenues	State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The
(State Revolving Fund Loans)	amount and timing of funds fluctuates with project expenditures incurred. The proposed
	amendment reflects the timing of project design and construction activity. Details related
	to the SRF projects are presented in the semiannual debt report. The most recent
	semiannual debt report is presented in the <u>November 2023 Audit Committee binder</u> which
	provides details related to the SRF funding and associated projects.
Net Use (Increase) of Reserves	This amount represents the net amount of revenues less expenditures. A "use of reserves"
	indicates a spend down of prior year reserves. The amount has been amended to reflect
	the anticipated decrease in the Capital spend rate from 100.0% to 82.9% as well as the
	changes in revenues from Bond proceeds, SRF loans, and transfer (to)/from the I&E fund.
Expenditures	





Appropriation Level - Construction	n Fund - Sewer System Budget Amendment Explanations
Capital Improvement Plan	This line represents an adjustment to the Capital Spend Ratio for the Sewer Capital
	Improvement Plan which is forecasted to decrease from 100.0% to 82.9%. This
	adjustment is based on a review of the spend projections for FY 2024 and discussions with
	project personnel.
Capital Spend Rate Adjustment	The proposed budget amendment represents the decrease in the projected Capital Spend
	Rate for the Sewer CIP from 100.0% to 82.9%. The Board of Directors adopts a capital
	spending ratio assumption (SRA) which allows the realities of capital program delivery
	to align with the financial plan. The SRA is an analytical approach to bridge the total
	dollar amount of projects in the CIP with what can realistically be spent due to limitations
	beyond GLWA's control and/or delayed for nonbudgetary reasons. Those limitations,
	whether financial or non-financial, necessitate the SRA for budgetary purposes, despite
	the prioritization established. Amendments to the spend rate assumption are made to
	align the projected financial use of resources with revised capital improvement plan
	spending forecasts. The most recent quarterly construction work-in-progress (CWIP)
	report is presented in the <u>September 2023 Audit Committee binder</u> .



Supplemental Information -

Enterprise-wide Operations & Maintenance Department and Account Level Amendments

The summary of budget amendments for operations & maintenance (department and account level amendments) are organized by the four core groups. The FY 2024 first quarter budget amendments result in an increase to all four categories: A - Water System Operations, B - Sewer System Operations, C - Centralized Services, and D - Administrative & Other Services.

GLWA's internal budget directive is for each area, group, and team to manage their needs to an amount within the initial budget. To the extent that is not possible, an amendment is made from the unallocated reserve. If savings are incurred, or an area appears to not require as much funding as established in the original budget, that department's budgeted expenses are reduced, and the unallocated reserve is increased. In administering the budget, there are several refinements to departments and account categories. An explanation of key items is included in the table in Addendum 1.

Items greater than \$500,000 include the following (see the table on the following page).

- A Water System Operations Net change = \$5.0 million
 - ➤ Utilities Increase of \$3.7 million Details can be found in *Addendum 2 Supplemental Information Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments.*
 - ➤ Chemicals Increase of \$1.0 million Adjustment for increase in chemical costs, primarily Chlorine, Phosphoric Acid, Hydrofluorosilicic Acid (Fluoride), and Alum based on estimated usage for FY 2024 and current pricing.
 - ➤ Contractual Services Increase of \$0.4 million This increase is due to the Arcadis comprehensive corrosion control optimization study which is ramping up in FY 2024.
- B Wastewater System Operations Net change = \$8.7 million.
 - ➤ Utilities Increase of \$4.5 million Details can be found in *Addendum 2 Supplemental Information Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments.*
 - ➤ Chemicals Increase of \$1.6 million Adjustment for increase in chemical costs (primarily chlorine-based products) based on estimated usage for FY 2024.

Supplemental Information -

Enterprise-wide Operations & Maintenance Department and Account Level Amendments

- ➤ Supplies & Other Increase of \$1.5 million This increase is primarily due to the increased need for the repairs to, and replacement of, equipment. Increases include Conner Creek Combined Sewer Overflow hypochlorite tank relining project (\$0.6 million increase); Conner Pumping Station increase maintenance for HVAC repairs (\$0.5 million increase); Wastewater Primary Process equipment repairs to improve the rack & grit system and primary clarification (\$1.0 million increase); Wastewater Secondary Process rehabilitation of the secondary clarifier and scum brush system (\$0.4 million increase). Decreases include Wastewater Incineration Process reduction in the number of incineration hearths being rehabilitated each year (\$0.7 million decrease).
- ➤ Contractual Services Increase of \$1.1 million Continued reliance on the utilization of the facilities maintenance contract with Lakeshore Global Corporation.
- C Centralized Services Increase of \$9.6 million
 - ➤ Supplies & Other Increase of \$7.3 million The primary driver for the increase in this category is the change in the funding source, from Improvement & Extension (I&E) funds to Operations & Maintenance (O&M) funds for unique, nonrecurring items that cannot be capitalized such as the implementation costs for the Enterprise Resource Planning (ERP Workday), Enterprise Asset Management (EAM NexGen), and Project Management Implementation System (PMIS).
 - ➤ Contractual Services Increase of \$2.3 million The primary drivers for the increase in this category are as follows: Funding source change from I&E funds to O&M funds for the support needed from AECOM for the Capital Improvement Plan (\$1.8 million increase) and the increased utilization by Systems Control of the specialize services contracts for the remote site work on sewer level sensors and debris removal (\$0.8 million increase). A decrease includes an adjustment for the emergency sewer repairs as-needed contract (Inland Waters) based on the historical spending trend.
- D Administrative & Other Services Increase of \$1.3 million The primary change in this area is an increase in Contractual Services of \$1.1 million. This increase is primarily due to the following: Enterprise Risk Management Insurance Fund (\$0.6 million increase) due to increases in the business insurance premiums and General Counsel (\$0.5 million increase) due to the tapering litigation and investigation costs from the June 2021 wet weather event.

Supplemental Information –

Enterprise-wide Operations & Maintenance Department and Account Level Amendments

The table below shows the first quarter FY 2024 budget amendments per Expense Category for the four core groups.

	Total
	1st Quarter
Major Budget Categories and	FY 2024
Expense Categories	Amendments
A Water System Operations	5,005,400
Chemicals	1,000,000
Contractual Services	418,000
Supplies & Other	(174,500)
Unallocated Reserve	9,900
Utilities	3,752,000
B Wastewater System Operations	8,721,500
Chemicals	1,656,800
Contractual Services	1,100,000
Supplies & Other	1,506,300
Unallocated Reserve	(9,900)
Utilities	4,468,300
C Centralized Services	9,636,900
Contractual Services	2,256,200
Personnel	70,000
Supplies & Other	7,310,700
Unallocated Reserve	-
D Administrative & Other Service:	1,315,000
Contractual Services	1,100,000
Personnel	215,000
Grand Total	24,678,800

Supplemental Information Enterprise-wide Operations & Maintenance Department and Account Level Amendments

	Total	
	1st Quarter FY 2024	
Departmental and Account Level Amendments		Explanation of Key Items
A Water System Operations	5,005,400	
Adams Road Pumping Station Supplies & Other	50,000	
Utilities	(40,000) 90,000	
Eastside Pumping Station	20,000	
Utilities	20,000	
Haggerty Road Pumping Station	36,000	
Utilities Joy Road Pumping Station	36,000	
Supplies & Other	55,000 (20,000)	
Utilities	75,000	
Lake Huron Water Plant	770,000	
Chemicals	70,000	
Contractual Services	100,000	Increase in VWH charges and never supply cost recovery charges
Utilities Michigan Ave Pumping Station	50,000	Increase in KWH charges and power supply cost recovery charges.
Utilities	50,000	
Newburgh Pumping Station	28,000	
Utilities	28,000	
North Service Center Pumping Station	(40,000)	
Supplies & Other Utilities	(100,000) 60,000	
Northeast Water Plant	1,100,000	
Chemicals	100,000	
Utilities		Increase in KWH charges and power supply cost recovery charges.
Northwest Pumping Station	20,000	
Utilities Schoolcraft Pumping Station	20,000 20,000	
Supplies & Other	20,000	
Southwest Water Plant	200,000	
Chemicals	50,000	
Contractual Services	150,000	
Springwells Water Plant Chemicals	1,410,000	Increase in chemical prices, especially Phosphoric acid
Utilities		Increase in KWH charges and power supply cost recovery charges.
Water Engineering	5,500	
Supplies & Other	5,500	
Water Quality	70,000	
Chemicals Water System Operations Unallocated Reserves	70,000 9,900	
Unallocated Reserve	9,900	
Water Works Park	878,000	
Chemicals	300,000	
Contractual Services	178,000	
Utilities West Service Center Pumping Station	400,000 163,000	Increase in KWH charges and power supply cost recovery charges.
Supplies & Other	(40,000)	
Utilities	203,000	
Wick Road Pumping Station	70,000	
Utilities Vacility of Provider Station	70,000	
Ypsilanti Pumping Station Contractual Services	90,000 (10,000)	
Utilities	100,000	
B Wastewater System Operations	8,721,500	
7 Mile Combined Sewer Overflow	1,200	
Utilities Reby Creek Combined Sever Overflow	1,200	
Baby Creek Combined Sewer Overflow Chemicals	(88,000) 208,200	
Supplies & Other	(297,900)	
Utilities	1,700	
BDF, COF & Hauling	316,400	
Utilities	316,400	
Belle Isle Combined Sewer Overflow Chemicals	4,400 4,400	
Belle Isle Pumping Station	20,000	
Supplies & Other	20,000	
Blue Hill Pumping Station	150,000	
Supplies & Other	150,000	
Conner Creek Combined Sewer Overflow Chemicals	912,300 128,300	
Supplies & Other		Hypochlorite tank relining project.
Utilities	138,000	15 · · · · · · · · · · · · · · · · · · ·
Conner Pumping Station	500,000	
Supplies & Other		Increase maintenance for HVAC repairs.
Fairview Pumping Station Utilities	150,000 150,000	
Ounties	150,000	

Supplemental Information Enterprise-wide Operations & Maintenance Department and Account Level Amendments

	Total	
	1st Quarter	
Departmental and Account Level Amendments	FY 2024 Amendments	Explanation of Key Items
Hubble Southfield CSO	(16,700)	
Chemicals	(14,500)	
Supplies & Other	(25,700)	
Utilities	23,500	
Leib Combined Sewer Overflow	60,400	
Chemicals	56,600	
Utilities Northeast Pumping Station	3,800 50,000	
Utilities Utilities	50,000	
Oakwood Combined Sewer Overflow	858,500	
Chemicals	(139,500)	
Supplies & Other	33,000	
Utilities	965,000	Increase in water & sewage charges due to new water billing structure which has resulted in an increase in the
Out and Brown to Station	44.000	water billing rate.
Oakwood Pumping Station Supplies & Other	14,000 14,000	
Puritan Fenkell Combined Sewer Overflow	4,400	
Chemicals	(10,600)	
Utilities	15,000	
St Aubin Combined Sewer Overflow	35,100	
Chemicals	31,900	
Utilities	3,200	
Wastewater Dewatering Process	(340,900)	
Chemicals Supplies & Other	(319,000) (21,900)	
Wastewater Director	(21,900) 1,144,600	
Contractual Services		Continued reliance on facilities maintenance contract (Lakeshore Global Corporation).
Supplies & Other	44,600	\
Wastewater Incineration Process	(742,800)	
Supplies & Other	(742,800)	Management of the number of incineration hearths being rehabilitated each year.
Wastewater Operations	2,538,400	
Supplies & Other	(262,100)	
Utilities	2,800,500	Waka
		Water - Increase due to new water billing structure which has resulted in an increase in the water billing rate. Gas - Decrease in cost per MBTU for natural gas.
Wastewater Primary Process	1,392,700	das - Decrease III cost per IVIBTO for Hatural gas.
Chemicals		Unit cost of Chlorine based chemicals increased due to supplier constraints.
Supplies & Other		Equipment repairs to improve the rack & grit system and primary clarification.
Wastewater Process Control	40,000	
Supplies & Other	40,000	
Wastewater Secondary Process	1,727,400	
Chemicals		Unit cost of Chlorine based chemicals increased due to supplier constraints.
Supplies & Other Wastewater System Operations Unallocated Reserves		Rehabilitation of the secondary clarifier and scum brush system.
Unallocated Reserve	(9,900) (9,900)	
C Centralized Services	9,636,900	
Capital Improvement Planning	1,800,000	
Contractual Services	1,800,000	AECOM - Maintenance of portal for development of CIP; funding change from I&E to O&M.
Facility Operations	(50,000)	
Supplies & Other	(50,000)	
Field Service Operations	(430,000)	
Contractual Services	(500,000)	Budget adjustment for emergency sewer repairs as-needed contract (Inland Waters) based on historical spending trend.
Personnel	70,000	ucio.
Fleet Operations	177,500	
Contractual Services	200,000	
Supplies & Other	(22,500)	
Info Tech Business Productivity Systems	4,000,000	
Supplies & Other		Enterprise Resource Planning (Workday) implementation costs; funding change from I&E to O&M.
Info Tech Enterprise Asset Mgmt Systems	3,000,000	Enterprise Asset Management (NewSen) & Project Management Implementation System involved
Supplies & Other	3,000,000	Enterprise Asset Management (NexGen) & Project Management Implementation System implementation costs; funding change from I&E to O&M.
Security and Integrity	83,200	Tanang change nom tak to oam.
Supplies & Other	83,200	
Systems Analytics	300,000	
Supplies & Other	300,000	
Systems Operations Control	756,200	
Contractual Services		Increase utilization of the level sensor rehab and debris removal projects.
D Administrative & Other Services	1,315,000	
Chief Administrative Officer	215,000	
Personnel Enterprise Risk Mgt. Insurance Fund	215,000 600,000	
Contractual Services		Increase in costs for the Risk Management Insurance Coverage policies with Marsh USA Inc.
General Counsel	500,000	
Contractual Services		Tapering litigation and investigation costs from the June 2021 wet weather event.
Grand Total	24,678,800	
Totals may be off due to rounding		



Quarterly Budget Amendment Report FY 2024 Ending September 30, 2023

ADDENDUM 2

Supplemental Information -

Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

The table in Addendum 2 summarizes the FY 2024 first quarter budget amendments for operations & maintenance by the major expense categories (account type). An explanation of key items is included in the table in Addendum 2.

One of the primary increases in budget for the first quarter FY 2024 was in utilities (\$8.2 million increase).

- A Water System Operations Increase of \$3.7 million The primary driver for the increase in this category is electric (\$3.7 million increase) This increase is due to the increased charge for kWh.
- B Wastewater System Operations Increase of \$4.5 million
 - ➤ Water & Sewage Service Increase of \$4.6 million. Meters have been repaired and replaced at the WRRF (Water Resource Recovery Facility) and bills which had previously contained estimated readings are now being received with actual readings. The actual readings are coming in higher than the estimated readings. In addition, a new water billing structure was implemented in early FY 2023 which has resulted in an increase in the water billing rate. The wastewater facilities impacted most substantially by this rate increase are the WRRF, Oakwood Combined Sewer Overflow, Conner Creek Combined Sewer Overflow, and the Biosolids Dryer Facility (BDF).
 - Electric Increase of \$0.2 million This is due to the increased charge for kWh.
 - ➤ Gas Decrease of \$0.3 million This is due to a decrease in cost per MBTU for natural gas.

Supplemental Information –

Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

	Total
	1st Quarter
	FY 2024
Utilities	Amendments
A Water System Operations	3,752,000
Electric	3,749,000
Gas	3,000
B Wastewater System Operations	4,468,300
Electric	200,000
Gas	(306,000)
Sewage Service	309,700
Water Service	4,264,600
Grand Total	8,220,300

Supplemental Information Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

	Total	
E	1st Quarter	
Expense Categories and Departmental Level Amendments	FY 2024	Evalenation of Vov Itama
Chemicals	2,656,800	Explanation of Key Items
Baby Creek Combined Sewer Overflow	208,200	
Belle Isle Combined Sewer Overflow	4,400	
Conner Creek Combined Sewer Overflow	128,300	
Hubble Southfield CSO	(14,500)	
Lake Huron Water Plant	70,000	
Leib Combined Sewer Overflow	56,600	
Northeast Water Plant	100,000	
Oakwood Combined Sewer Overflow	(139,500)	
Puritan Fenkell Combined Sewer Overflow	(10,600)	
Southwest Water Plant	50,000	
Springwells Water Plant		Increase in chemical prices, especially Phosphoric acid
St Aubin Combined Sewer Overflow	31,900	
Wastewater Dewatering Process	(319,000)	
Wastewater Primary Process		Unit cost of Chlorine based chemicals increased due to supplier constraints. Unit cost of Chlorine based chemicals increased due to supplier constraints.
Wastewater Secondary Process Water Quality	70,000	offices of chilorine based chemicals increased due to supplier constraints.
Water Quality Water Works Park	300,000	
Contractual Services	4,874,200	
Capital Improvement Planning		AECOM - Maintenance of portal for development of CIP; funding change from I&E to O&M.
Enterprise Risk Mgt. Insurance Fund		Increase in costs for the Risk Management Insurance Coverage policies with Marsh USA Inc.
Field Service Operations	(500,000)	Budget adjustment for emergency sewer repairs as-needed contract (Inland Waters) based on historical
		spending trend.
Fleet Operations	200,000	
General Counsel		Tapering litigation and investigation costs from the June 2021 wet weather event.
Lake Huron Water Plant	100,000	
Southwest Water Plant	150,000	
Systems Operations Control	,	Increase utilization of the level sensor rehab and debris removal projects.
Wastewater Director		Continued reliance on facilities maintenance contract (Lakeshore Global Corporation).
Water Works Park Ypsilanti Pumping Station	178,000 (10,000)	
Personnel	285,000	
Chief Administrative Officer	215,000	
Field Service Operations	70,000	
Supplies & Other	8,642,500	
Adams Road Pumping Station	(40,000)	
Baby Creek Combined Sewer Overflow	(297,900)	
Belle Isle Pumping Station	20,000	
Blue Hill Pumping Station	150,000	
Conner Creek Combined Sewer Overflow		Hypochlorite tank relining project.
Conner Pumping Station		Increase maintenance for HVAC repairs.
Facility Operations Fleet Operations	(50,000) (22,500)	
Hubble Southfield CSO	(25,700)	
Info Tech Business Productivity Systems		Enterprise Resource Planning (Workday) implementation costs; funding change from I&E to O&M.
Info Tech Enterprise Asset Mgmt Systems		Enterprise Asset Management (NexGen) & Project Management Implementation System implementation costs;
3 11,111	-,,	funding change from I&E to O&M.
Joy Road Pumping Station	(20,000)	
North Service Center Pumping Station	(100,000)	
Oakwood Combined Sewer Overflow	33,000	
Oakwood Pumping Station	14,000	
Schoolcraft Pumping Station	20,000	
Security and Integrity	83,200	
Systems Analytics	300,000	
Wastewater Dewatering Process Wastewater Director	(21,900) 44,600	
Wastewater Director Wastewater Incineration Process		Management of the number of incineration hearths being rehabilitated each year.
Wastewater Inclineration Process Wastewater Operations	(262,100)	management of the number of memeration hearths being remainitated each year.
Wastewater Operations Wastewater Primary Process		Equipment repairs to improve the rack & grit system and primary clarification.
Wastewater Process Control	40,000	
Wastewater Secondary Process		Rehabilitation of the secondary clarifier and scum brush system.
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Water Engineering	5,500	
Water Engineering West Service Center Pumping Station	5,500 (40,000)	
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West Service Center Pumping Station	(40,000)	

Supplemental Information Enterprise-wide Operations & Maintenance Account Type and Department Level Amendments

	Total 1st Quarter	
Expense Categories and Departmental Level	FY 2024	
Amendments	Amendments	Explanation of Key Items
Utilities	8,220,300	
7 Mile Combined Sewer Overflow	1,200	
Adams Road Pumping Station	90,000	
Baby Creek Combined Sewer Overflow	1,700	
BDF, COF & Hauling	316,400	
Conner Creek Combined Sewer Overflow	138,000	
Eastside Pumping Station	20,000	
Fairview Pumping Station	150,000	
Haggerty Road Pumping Station	36,000	
Hubble Southfield CSO	23,500	
Joy Road Pumping Station	75,000	
Lake Huron Water Plant	600,000	Increase in KWH charges and power supply cost recovery charges.
Leib Combined Sewer Overflow	3,800	
Michigan Ave Pumping Station	50,000	
Newburgh Pumping Station	28,000	
North Service Center Pumping Station	60,000	
Northeast Pumping Station	50,000	
Northeast Water Plant	1,000,000	Increase in KWH charges and power supply cost recovery charges.
Northwest Pumping Station	20,000	
Oakwood Combined Sewer Overflow	965,000	Increase in water & sewage charges due to new water billing structure which has resulted in an increase in the
		water billing rate.
Puritan Fenkell Combined Sewer Overflow	15,000	
Springwells Water Plant		Increase in KWH charges and power supply cost recovery charges.
St Aubin Combined Sewer Overflow	3,200	
Wastewater Operations	2,800,500	
		Water - Increase due to new water billing structure which has resulted in an increase in the water billing rate.
		Gas - Decrease in cost per MBTU for natural gas.
Water Works Park		Increase in KWH charges and power supply cost recovery charges.
West Service Center Pumping Station	203,000	
Wick Road Pumping Station	70,000	
Ypsilanti Pumping Station	100,000	
Grand Total Totals may be off due to rounding	24,678,800	

Totals may be off due to rounding