



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 – Enterprise-wide 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 – Enterprise-wide 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.



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Water System	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 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
<i>Investment Earnings - Unrestricted</i>	<i>3,067,000</i>	<i>5,463,200</i>	<i>8,530,200</i>	<i>2,803,400</i>
<i>Investment Earnings - Restricted for Debt Service</i>	<i>994,700</i>	<i>2,536,800</i>	<i>3,531,500</i>	<i>809,100</i>
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	-	-	-	-
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	-	-	-	-
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



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

Appropriation Level – Revenue Requirement – Water System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>The budget amendment proposed is due to decreased water sales to Member Partners during the cool, wet first quarter of FY 2024.</i>
Bad Debt	<i>No budget amendment is required.</i>
Retail Services Charges	<i>No budget amendment is required.</i>
Investment Earnings	<i>The increase is based on the revised interest rates provided by the Authority’s investment advisor.</i>
Other Revenues	<i>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.</i>
Revenue Requirements (Expenditures)	
Operations & Maintenance Expense	<i>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).</i>
General Retirement System Legacy Pension	<i>No budget amendment is required.</i>
Debt Service	<i>The increase is due to the new bond sale and revision of the SRF schedules (timing of the draws).</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>The decrease is due to the reduction of the pension obligation to administrative fees only plus the B/C notes.</i>
Extraordinary Repair & Replacement Deposit	<i>No budget amendment is required. This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Sewer System	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 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
<i>Investment Earnings - Unrestricted</i>	<i>5,567,000</i>	<i>7,832,700</i>	<i>13,399,700</i>	<i>3,713,700</i>
<i>Investment Earnings - Restricted for Debt Service</i>	<i>1,490,300</i>	<i>1,167,300</i>	<i>2,657,600</i>	<i>1,235,500</i>
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



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

Appropriation Level – Revenue Requirement – Sewer System General Operating Budget Amendment Explanation	
Revenues	
Suburban Wholesale Customer Charges	<i>No budget amendment is required.</i>
Bad Debt	<i>No budget amendment is required.</i>
Retail Services Charges	<i>No budget amendment is required.</i>
Industrial Waste Control Charges	<i>No budget amendment is required.</i>
Pollutant Surcharges	<i>No budget amendment is required.</i>
Investment Earnings	<i>The increase is based on the revised interest rates provided by the Authority’s investment advisor.</i>
Other Revenues	<i>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.</i>
Revenue Requirements (Expenditures)	
Operations & Maintenance Expense	<i>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).</i>
General Retirement System Legacy Pension	<i>No budget amendment is required.</i>
Debt Service	<i>The increase is due to the new bond sale and revision of the SRF schedules (timing of the draws).</i>
General Retirement System Legacy Pension – Accelerated Payment	<i>The decrease is due to the reduction of the pension obligation to administrative fees only plus the B/C notes.</i>
Extraordinary Repair & Replacement Deposit	<i>No budget amendment is required. This is a formulaic requirement in the Master Bond Ordinance. Based on adopted and amended budget, no adjustment is required.</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

System	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 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

Totals may be off due to rounding.

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	Total 1st Quarter FY 2024 Amendments	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

Totals may be off due to rounding.

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.



Quarterly Budget Amendment Report
FY 2024 Ending September 30, 2023

- 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

Totals may be off due to rounding.

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)*.



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

O&M Unallocated Reserves	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	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

Totals may be off due to rounding.

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)*.



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Water System - Debt Service Coverage Calculation	FY 2024	1st Quarter	Estimated	
	Adopted Budget	FY 2024 Amendments Regional System	FY 2024 Adjustments to Local System Budget	FY 2024 Amended Budget
Revenues				
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
Revenue Requirements				
Operations & 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
Debt 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 SRF Junior Lien Bonds	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
Debt 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.



Quarterly Budget Amendment Report
FY 2024 Ending September 30, 2023

Appropriation Level - Debt Service - Water System Debt Service Coverage Calculation Budget Amendment Explanation	
Total Debt Service	<i>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.</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Sewer System - Debt Service Coverage Calculation	FY 2024	1st Quarter	Estimated	FY 2024
	Adopted	FY 2024	Adjustment	FY 2024
	Budget	Amendments	to Local	Amended
		Regional	System	Budget
		System	Budget	
Revenues				
1 Regional System Wholesale Revenues	\$493,169,700	\$ -	\$ -	\$493,169,700
2 Local System Revenues	83,940,300	-	-	83,940,300
3 Miscellaneous Revenue (Local System)	8,500,000	-	-	8,500,000
4 Non-Operating Revenue (Regional System)	7,457,300	9,317,000	-	16,774,300
5 Total Revenues	\$593,067,300	\$ 9,317,000	\$ -	\$602,384,300
Revenue Requirements				
Operations & Maintenance Expense				
6 Regional System Wholesale Expenses	\$205,643,700	\$ 14,484,700	\$ -	\$220,128,400
7 Local System Expenses	55,655,400	-	-	55,655,400
8 GRS Pension allocable to Regional System	-	-	-	-
9 GRS Pension allocable to Local System	-	-	-	-
10 Total Operations & Maintenance Expense	261,299,100	14,484,700	-	275,783,800
11 Net Revenues after Operations & Maintenance Expense	\$331,768,200	\$ (5,167,700)	\$ -	\$326,600,500
Debt Service by Lien				
12 Senior Lien Bonds	\$155,429,200	\$ 3,510,900	\$ -	\$158,940,100
13 Second Lien Bonds	53,273,500	106,600	-	53,380,100
14 SRF Junior Lien Bonds	51,847,200	(164,200)	(48,600)	51,634,400
15 Total Debt Service	\$260,549,900	\$ 3,453,300	\$ (48,600)	\$263,954,600
Debt Service Coverage				
16 Senior Lien Bonds (11)/(12)	2.13	(0.08)	0.00	2.05
17 Second Lien Bonds (11)/[(12)+(13)]	1.59	(0.05)	0.00	1.54
18 SRF Junior Lien Bonds (11)/(15)	1.27	(0.04)	0.00	1.24

* 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.



Quarterly Budget Amendment Report
FY 2024 Ending September 30, 2023

Appropriation Level - Debt Service - Sewer System Debt Service Coverage Calculation Budget Amendment Explanation	
Total Debt Service	<p><i>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.</i></p>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Water Improvement & Extension Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 9/30/2023
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	<i>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).</i>



Quarterly Budget Amendment Report
FY 2024 Ending September 30, 2023

Appropriation Level – Improvement & Extension Fund – Water System Budget Amendment Explanation	
Earnings on Investments	<i>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.</i>
Net Use (Increase) of Reserves	<i>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.</i>
Expenditures	
Water System Revenue Transfers Out (Earnings on Investments)	<i>The increase is based on the revised interest rates. Note: This line offsets Earnings on 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.</i>
Capital Spending - Other	<i>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.</i>
Capital Outlay	<i>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 \$0.3 million for changes in project start dates.</i>
Revenue Financed Capital – Transfer to/(from) Construction Fund	<i>The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects.</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Sewer Improvement & Extension Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 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	
Transfers In from General Operating	<i>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-Sewer System General Operating table).</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

Appropriation Level – Improvement & Extension Fund – Sewer System Budget Amendment Explanations	
Earnings on Investments	<i>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.</i>
Net Use (Increase) of Reserves	<i>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.</i>
Expenditures	
Sewer System Revenue Transfers Out (Earnings on Investments)	<i>The increase is based on the revised interest rates. Note: This line offsets Earnings on 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.</i>
Capital Spending – Other	<i>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.</i>
Capital Outlay	<i>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.</i>
Revenue Financed Capital – Transfer to/(from) Construction Fund	<i>The proposed budget amendment reflects a rebalancing of use of I&E and Construction funds for Capital Projects.</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Water Construction Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 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
<i>(a) Plus Direct I&E Projects</i>	-	-	-	
<i>Total CIP Expenditures</i>	<i>239,260,000</i>	<i>(14,260,000)</i>	<i>225,000,000</i>	
<i>Total Published Capital Improvement Plan</i>	<i>239,260,000</i>		<i>239,260,000</i>	
<i>Capital Spending Ratio</i>	<i>100.0%</i>		<i>94.0%</i>	

(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	<i>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 Construction funds for Capital Projects.</i>
Bond Proceeds	<i>The proposed budget amendment is to record the proceeds from the November 2023 bond transaction.</i>
Earnings on Investments	<i>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.</i>
Grant Revenues (State Revolving Fund Loans)	<i>State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The amount and 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.</i>
Net Use (increase) of Reserves	<i>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 94.0% as well as the changes in revenues from Bond proceeds, SRF loans, and transfer (to)/from the I&E fund.</i>
Expenditures	
Capital Improvement Plan	<i>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.</i>



Quarterly Budget Amendment Report
FY 2024 Ending September 30, 2023

Appropriation Level – Construction Fund – Water System Budget Amendment Explanations	
Capital Spend Rate Assumption Adjustment	<i>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.</i>



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

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

Sewer Construction Fund	FY 2024 Board Adopted Budget	Total 1st Quarter FY 2024 Amendments	FY 2024 Amended Budget	FY 2024 Activity Thru 9/30/2023
Revenues				
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
<i>(a) Plus Direct I&E Projects</i>	-	-	-	
<i>Total CIP Expenditures</i>	<i>199,061,000</i>	<i>(34,061,000)</i>	<i>165,000,000</i>	
<i>Total Published Capital Improvement Plan</i>	<i>199,061,000</i>		<i>199,061,000</i>	
<i>Capital Spending Ratio</i>	<i>100.0%</i>		<i>82.9%</i>	

(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 & Extension Fund	<i>The proposed budget amendment is to match the amount available for transfer from the 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.</i>
Bond Proceeds	<i>The proposed budget amendment is to record the proceeds from the November 2023 bond transaction.</i>
Earnings on Investments	<i>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.</i>
Grant Revenues (State Revolving Fund Loans)	<i>State Revolving Fund (SRF) loan disbursements are on a reimbursement basis. The 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 November 2023 Audit Committee binder which provides details related to the SRF funding and associated projects.</i>
Net Use (Increase) of Reserves	<i>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.</i>
Expenditures	



Quarterly Budget Amendment Report
 FY 2024 Ending September 30, 2023

Appropriation Level – Construction Fund – Sewer System Budget Amendment Explanations	
Capital Improvement Plan	<i>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.</i>
Capital Spend Rate Adjustment	<i>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 September 2023 Audit Committee binder.</i>

ADDENDUM 1

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.

ADDENDUM 1

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.

ADDENDUM 1

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.

Major Budget Categories and Expense Categories	Total 1st Quarter FY 2024 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

ADDENDUM 1

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

Departmental and Account Level Amendments	Total 1st Quarter FY 2024 Amendments	Explanation of Key Items
A Water System Operations	5,005,400	
Adams Road Pumping Station	50,000	
Supplies & Other	(40,000)	
Utilities	90,000	
Eastside Pumping Station	20,000	
Utilities	20,000	
Haggerty Road Pumping Station	36,000	
Utilities	36,000	
Joy Road Pumping Station	55,000	
Supplies & Other	(20,000)	
Utilities	75,000	
Lake Huron Water Plant	770,000	
Chemicals	70,000	
Contractual Services	100,000	
Utilities	600,000	Increase in KWH charges and power supply cost recovery charges.
Michigan Ave Pumping Station	50,000	
Utilities	50,000	
Newburgh Pumping Station	28,000	
Utilities	28,000	
North Service Center Pumping Station	(40,000)	
Supplies & Other	(100,000)	
Utilities	60,000	
Northeast Water Plant	1,100,000	
Chemicals	100,000	
Utilities	1,000,000	Increase in KWH charges and power supply cost recovery charges.
Northwest Pumping Station	20,000	
Utilities	20,000	
Schoolcraft Pumping Station	20,000	
Supplies & Other	20,000	
Southwest Water Plant	200,000	
Chemicals	50,000	
Contractual Services	150,000	
Springwells Water Plant	1,410,000	
Chemicals	410,000	Increase in chemical prices, especially Phosphoric acid
Utilities	1,000,000	Increase in KWH charges and power supply cost recovery charges.
Water Engineering	5,500	
Supplies & Other	5,500	
Water Quality	70,000	
Chemicals	70,000	
Water System Operations Unallocated Reserves	9,900	
Unallocated Reserve	9,900	
Water Works Park	878,000	
Chemicals	300,000	
Contractual Services	178,000	
Utilities	400,000	Increase in KWH charges and power supply cost recovery charges.
West Service Center Pumping Station	163,000	
Supplies & Other	(40,000)	
Utilities	203,000	
Wick Road Pumping Station	70,000	
Utilities	70,000	
Ypsilanti Pumping Station	90,000	
Contractual Services	(10,000)	
Utilities	100,000	
B Wastewater System Operations	8,721,500	
7 Mile Combined Sewer Overflow	1,200	
Utilities	1,200	
Baby Creek Combined Sewer Overflow	(88,000)	
Chemicals	208,200	
Supplies & Other	(297,900)	
Utilities	1,700	
BDF, COF & Hauling	316,400	
Utilities	316,400	
Belle Isle Combined Sewer Overflow	4,400	
Chemicals	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	912,300	
Chemicals	128,300	
Supplies & Other	646,000	Hypochlorite tank relining project.
Utilities	138,000	
Conner Pumping Station	500,000	
Supplies & Other	500,000	Increase maintenance for HVAC repairs.
Fairview Pumping Station	150,000	
Utilities	150,000	

ADDENDUM 1

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

Departmental and Account Level Amendments	Total 1st Quarter 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	3,800	
Northeast Pumping Station	50,000	
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 water billing rate.
Oakwood Pumping Station	14,000	
Supplies & Other	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	(319,000)	
Supplies & Other	(21,900)	
Wastewater Director	1,144,600	
Contractual Services	1,100,000	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	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	
Chemicals	412,000	Unit cost of Chlorine based chemicals increased due to supplier constraints.
Supplies & Other	980,700	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	1,299,000	Unit cost of Chlorine based chemicals increased due to supplier constraints.
Supplies & Other	428,400	Rehabilitation of the secondary clarifier and scum brush system.
Wastewater System Operations Unallocated Reserves	(9,900)	
Unallocated Reserve	(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	
Fleet Operations	177,500	
Contractual Services	200,000	
Supplies & Other	(22,500)	
Info Tech Business Productivity Systems	4,000,000	
Supplies & Other	4,000,000	Enterprise Resource Planning (Workday) implementation costs; funding change from I&E to O&M.
Info Tech Enterprise Asset Mgmt Systems	3,000,000	
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	
Supplies & Other	83,200	
Systems Analytics	300,000	
Supplies & Other	300,000	
Systems Operations Control	756,200	
Contractual Services	756,200	Increase utilization of the level sensor rehab and debris removal projects.
D Administrative & Other Services	1,315,000	
Chief Administrative Officer	215,000	
Personnel	215,000	
Enterprise Risk Mgt. Insurance Fund	600,000	
Contractual Services	600,000	Increase in costs for the Risk Management Insurance Coverage policies with Marsh USA Inc.
General Counsel	500,000	
Contractual Services	500,000	Tapering litigation and investigation costs from the June 2021 wet weather event.
Grand Total	24,678,800	

Totals may be off due to rounding

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.

ADDENDUM 2

Supplemental Information –

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

Utilities		Total 1st Quarter FY 2024 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

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 1st Quarter FY 2024 Amendments	Explanation of Key Items
Chemicals	2,656,800	
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	410,000	Increase in chemical prices, especially Phosphoric acid
St Aubin Combined Sewer Overflow	31,900	
Wastewater Dewatering Process	(319,000)	
Wastewater Primary Process	412,000	Unit cost of Chlorine based chemicals increased due to supplier constraints.
Wastewater Secondary Process	1,299,000	Unit cost of Chlorine based chemicals increased due to supplier constraints.
Water Quality	70,000	
Water Works Park	300,000	
Contractual Services	4,874,200	
Capital Improvement Planning	1,800,000	AECOM - Maintenance of portal for development of CIP; funding change from I&E to O&M.
Enterprise Risk Mgt. Insurance Fund	600,000	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	500,000	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	756,200	Increase utilization of the level sensor rehab and debris removal projects.
Wastewater Director	1,100,000	Continued reliance on facilities maintenance contract (Lakeshore Global Corporation).
Water Works Park	178,000	
Ypsilanti Pumping Station	(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	646,000	Hypochlorite tank relining project.
Conner Pumping Station	500,000	Increase maintenance for HVAC repairs.
Facility Operations	(50,000)	
Fleet Operations	(22,500)	
Hubble Southfield CSO	(25,700)	
Info Tech Business Productivity Systems	4,000,000	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 (NexGen) & Project Management Implementation System implementation costs; 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	(21,900)	
Wastewater Director	44,600	
Wastewater Incineration Process	(742,800)	Management of the number of incineration hearths being rehabilitated each year.
Wastewater Operations	(262,100)	
Wastewater Primary Process	980,700	Equipment repairs to improve the rack & grit system and primary clarification.
Wastewater Process Control	40,000	
Wastewater Secondary Process	428,400	Rehabilitation of the secondary clarifier and scum brush system.
Water Engineering	5,500	
West Service Center Pumping Station	(40,000)	
Unallocated Reserve	-	
Wastewater System Operations Unallocated Reserves	(9,900)	
Water System Operations Unallocated Reserves	9,900	

ADDENDUM 2

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

Expense Categories and Departmental Level Amendments	Total 1st Quarter FY 2024 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	1,000,000	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	400,000	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	24,678,800	

Totals may be off due to rounding