



PRELIMINARY OPERATING BUDGET

FISCAL YEAR 2021

December 4, 2019

Agenda

- Current Budget Environment
 - FY 2020 projecting softness in volumes and revenue
 - Sewer cash collections continue to lag budget estimates
 - GLWA wholesale charges unknown but debt refunding planned for early next year should help
 - CIPMO is transitioning from AECOM to Field Engineering
 - Building a DWSD Safety and Risk Management Team
 - Developing a Lead Service Line Replacement Program
- Preliminary Budget Calendar
- Preliminary Revenue Forecasts
 - Revenue drivers and historical trends
 - Rate assumptions
- Preliminary Operations and Maintenance Budgets
 - Departmental (Direct) Budgets
 - Non-Departmental (Indirect) Budgets

Preliminary Budget Calendar

December 4, 2019

- Present preliminary proposed operating budgets to the Finance Committee

February 5, 2020

- Present final proposed operating budgets to the Finance Committee

February 19, 2020

- BOWC Public Hearing on Budgets

March 2020

- Final Budget approvals by the BOWC
- Submit approved budget to GLWA by March 23



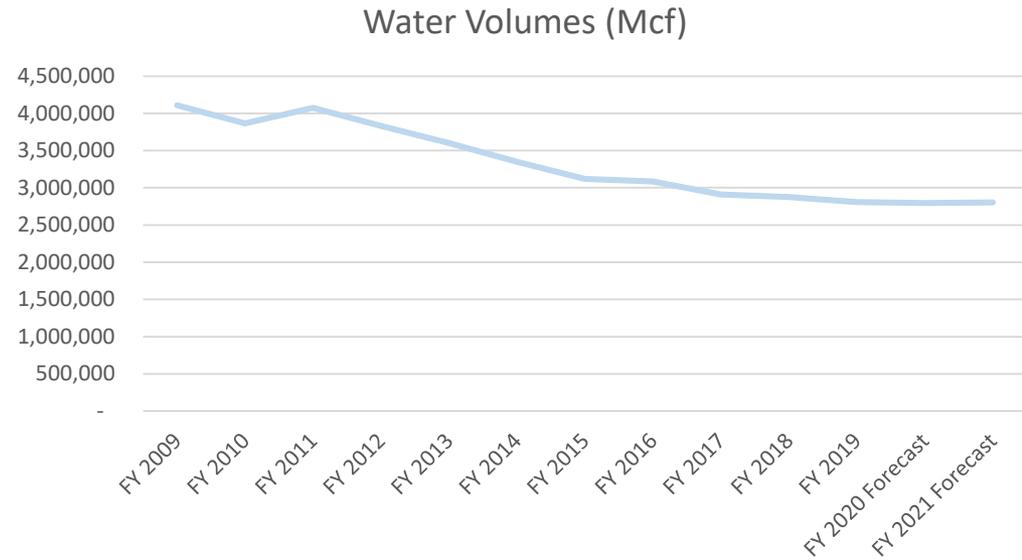
Water - Summary of Revenue & Expenditures

	FY 2020 Budget	Preliminary FY 2021 Budget	Increase (Decrease)	% Change
Retail Revenue				
Usage Charges	\$ 72,133,400	\$ 72,065,600	\$ (67,800)	-0.1%
Service Charges	25,534,700	26,519,800	985,100	3.9%
Firelines	3,124,200	3,707,000	582,800	18.7%
Fees	1,593,300	3,505,300	1,912,000	120.0%
Permits and Other Revenue	2,200,000	500,000	(1,700,000)	-77.3%
Penalties	<u>1,165,500</u>	<u>1,393,800</u>	<u>228,300</u>	19.6%
Total Retail Revenue	105,751,100	107,691,500	1,940,400	1.8%
Non-Retail Revenue				
GLWA Share of Pension and Notes	12,327,600	12,327,600	-	-
Shared Services	<u>2,020,000</u>	<u>1,361,000</u>	<u>(659,000)</u>	-32.6%
Total Non-Retail Revenue	<u>14,347,600</u>	<u>13,688,600</u>	<u>(659,000)</u>	-4.6%
Total Estimated Revenues	<u>\$ 120,098,700</u>	<u>\$ 121,380,100</u>	<u>\$ 1,281,400</u>	1.1%
Departmental (Direct) Expenses				
Administration	\$ 1,334,000	\$ 1,295,900	\$ (38,100)	-2.9%
Operations	21,124,500	22,093,200	968,700	4.6%
Compliance	9,034,500	9,856,700	822,200	9.1%
Finance	<u>5,189,400</u>	<u>6,053,100</u>	<u>863,700</u>	16.6%
Total Departmental (Direct) Expenses	<u>36,682,400</u>	<u>39,298,900</u>	<u>2,616,500</u>	7.1%
Non-Departmental (Indirect) Expenses	<u>83,292,400</u>	<u>84,588,400</u>	<u>1,296,000</u>	1.6%
Revenue Financed Capital	<u>123,900</u>	<u>(2,507,200)</u>	<u>(2,631,100)</u>	
Estimated Net Revenue Requirement	<u>\$ 120,098,700</u>	<u>\$ 121,380,100</u>	<u>\$ 1,281,400</u>	1.1%



Water Volumes (Mcf)

Water	Volumes (Mcf)
FY 2009	4,107,700
FY 2010	3,866,400
FY 2011	4,072,700
FY 2012	3,830,200
FY 2013	3,600,100
FY 2014	3,348,700
FY 2015	3,120,200
FY 2016	3,086,400
FY 2017	2,912,000
FY 2018	2,876,300
FY 2019	2,806,200
FY 2020 Forecast	2,797,100
FY 2021 Forecast	2,804,100



- Water volumes have been declining through FY2020
- FY2021 is projected at current forecast levels



Equivalent Water Meters

	Actual 2018	Actual 2019	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
Domestic						
Water 5/8" Equivalent Meters	285,533	291,279	285,716	290,581	290,922	1.8%
Fire Protection						
Fireline 6" Equivalent Meters	1,614	1,605	1,397	1,623	1,626	16.3%

- FY2021 proposed based on current forecast
- Water Meters have increased since 2018
- Forecasting a slight increase in Water 5/8" Equivalent Meters of 1.8%



Water Revenue Summary

	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
<u>Operating Revenues</u>				
Commodity Sales	\$ 72,133,400	\$ 70,487,300	\$ 72,065,600	(0.1%)
Service Charges	25,534,700	25,969,600	26,519,800	3.9%
Fireline Charges	3,124,200	3,627,700	3,707,000	18.7%
Other Fees	1,593,300	5,426,200	3,505,300	120.0%
Penalties	1,165,500	1,393,800	1,393,800	19.6%
Permits and Other	2,200,000	405,700	500,000	(77.3%)
Total Retail Water Revenue	\$ 105,751,100	\$ 107,310,300	\$ 107,691,500	1.8%

- Assumed rate increases of 2%
- Effective water retail revenue increase of 1.8%



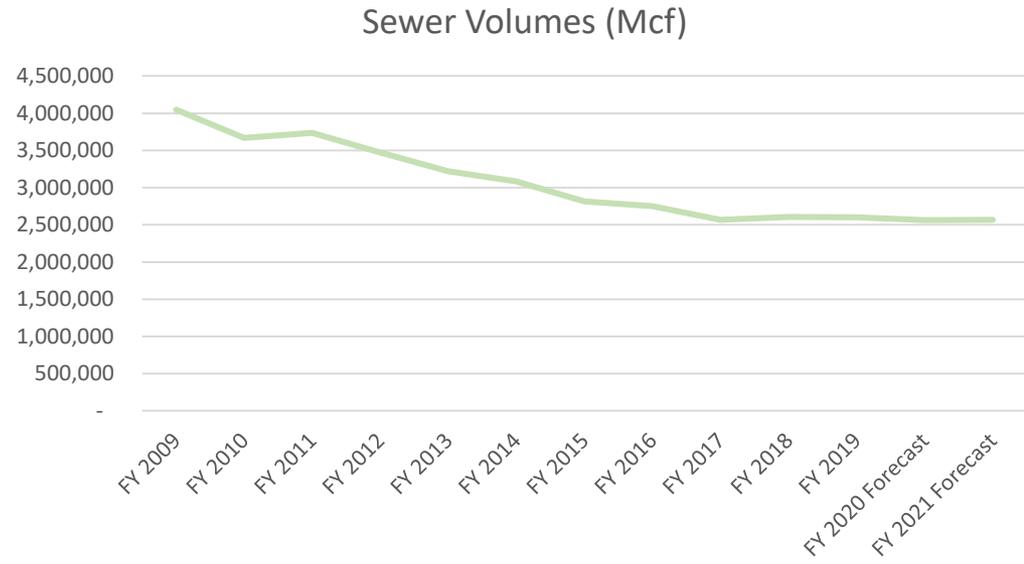
Sewer - Summary of Revenue & Expenditures

	FY 2020 Budget	Preliminary FY 2021 Budget	Increase (Decrease)	% Change
Retail Revenue				
Usage Charges	\$ 147,153,500	\$ 146,584,900	\$ (568,600)	-0.4%
Service Charges	13,601,000	14,063,600	462,600	3.4%
Drainage Fees	154,464,700	164,349,900	9,885,200	6.4%
IWC Charges	1,700,000	1,481,100	(218,900)	-12.9%
Permits and Other Revenue	500,000	150,000	(350,000)	-70.0%
Penalties	<u>4,419,700</u>	<u>5,484,700</u>	<u>1,065,000</u>	24.1%
Total Retail Revenue	321,838,900	332,114,200	10,275,300	3.2%
Non-Retail Revenue				
GLWA Share of Pension and Notes	22,460,100	22,460,100	-	0.0%
Shared Services	<u>3,030,000</u>	<u>1,974,000</u>	<u>1,056,000</u>	-34.9%
Total Non-Retail Revenue	25,490,100	24,434,100	(1,056,000)	-4.1%
Total Estimated Revenues	<u>\$ 347,329,000</u>	<u>\$ 356,548,300</u>	<u>\$ 9,219,300</u>	2.7%
Departmental (Direct) Expenses				
Administration	\$ 3,112,700	\$ 3,023,600	\$ (89,017)	-2.9%
Operations	35,945,600	36,920,500	974,861	2.7%
Compliance	21,206,300	22,998,900	1,792,592	8.5%
Finance	<u>12,108,900</u>	<u>12,462,100</u>	<u>353,164</u>	2.9%
Total Departmental (Direct) Expenses	72,373,500	75,405,100	3,031,600	4.2%
Non-Departmental (Indirect) Expenses	274,619,300	280,581,028	5,961,728	2.2%
Revenue Financed Capital	<u>336,200</u>	<u>562,172</u>	<u>225,972</u>	
Estimated Net Revenue Requirement	<u>\$ 347,329,000</u>	<u>\$ 356,548,300</u>	<u>\$ 9,219,300</u>	2.7%



Sewer Volumes (Mcf)

Sewer	Volumes (Mcf)
FY 2009	4,049,200
FY 2010	3,666,000
FY 2011	3,734,000
FY 2012	3,469,500
FY 2013	3,218,900
FY 2014	3,084,900
FY 2015	2,816,700
FY 2016	2,752,500
FY 2017	2,566,100
FY 2018	2,604,000
FY 2019	2,602,300
FY 2020 Forecast	2,562,500
FY 2021 Forecast	2,569,000



- Sewer volumes declined 36% between 2009 and 2017
- Volumes have flattened since 2017



Billable Impervious Acres & Total Sewer Meters

	Budget 2020	Forecast 2020	Proposed 2021	Change (+/-) v. Budget	% Change v. Budget
Customer Class					
Industrial	3,844	3,734	3,729	(115)	(3.0%)
Commercial	6,009	5,908	5,901	(109)	(1.8%)
Residential	11,477	11,136	11,122	(355)	(3.1%)
Tax Exempt	3,044	2,875	2,872	(172)	(5.7%)
Faith Based	557	811	810	253	45.5%
Highway Drainage	2,757	2,757	2,754	(3)	(0.1%)
Total Billable Impervious Acres	27,689	27,221	27,187	(501)	(1.8%)

- Forecasting a decrease of 1.8% in Billable Impervious Acres
- Currently updating fly-over data

	Actual 2018	Actual 2019	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
Total Sewer Meters	177,338	179,181	176,820	178,980	179,200	1.3%

- Forecasting an increase of 1.3% in Sewer Meters



Sewer Revenue Summary

	Budget 2020	Forecast 2020	Proposed 2021	% Change v. Budget
Operating Revenues				
Commodity Sales	\$ 147,153,500	\$ 143,347,400	\$ 146,584,900	(0.4%)
Service Charges	13,601,000	13,767,100	14,063,600	3.4%
Drainage Fees	154,464,700	151,891,900	164,349,900	6.4%
Penalties	4,419,700	5,484,700	5,484,700	24.1%
IWC Charges	1,700,000	1,481,100	1,481,100	(12.9%)
Other Revenue	500,000	127,200	150,000	(70.0%)
Total Retail Sewer Revenue	\$ 321,838,900	\$ 316,099,400	\$ 332,114,200	3.2%

- Assumed rate increases of 2%
- Effective sewer retail revenue increase of 3.2%



**DEPARTMENTAL
(DIRECT)
EXPENDITURES BUDGET
FISCAL YEAR 2021**



Operation and Maintenance – Departmental Expense Summary

	Budget 2020	Preliminary 2021	Increase (Decrease)	% Change
Summary by Fund				
Water Fund	\$ 36,682,400	\$ 39,298,900	\$ 2,616,500	7.1%
Sewer Fund	<u>72,373,500</u>	<u>75,405,100</u>	<u>3,031,500</u>	<u>4.2%</u>
Total O&M Appropriations	<u>\$ 109,055,900</u>	<u>\$ 114,704,000</u>	<u>\$ 5,648,000</u>	<u>5.2%</u>
Summary by Appropriation Unit				
BOWC and Administration	\$ 4,446,700	\$ 4,319,500	\$ (127,200)	-2.9%
Operations	57,070,100	59,013,700	1,943,600	3.4%
Compliance	30,240,800	32,855,600	2,614,800	8.6%
Finance	<u>17,298,300</u>	<u>18,515,200</u>	<u>1,216,900</u>	<u>7.0%</u>
Total O&M Appropriations	<u>\$ 109,055,900</u>	<u>\$ 114,704,000</u>	<u>\$ 5,648,000</u>	<u>5.2%</u>

FTE Comparison



Cost Center	FY19-20 Approved FTE	FY20-21 Preliminary FTE *	Increase/ (Decrease)
Chief Executive Officer	7	7	0
BOWC	2	2	0
Dir of Field Services	4	4	0
Field Engineering	47	76	29
Facilities Operations	19	16	(3)
Fleet Operations	31	26	(5)
Field Services	221	213	(8)
Meter Operations	58	58	0
Stormwater Drainage	17	17	0
Security	33	32	(1)
Public Affairs	5	7	2
General Counsel	4	4	0
Org Development	12	15	3
Information Technology	28	27	(1)
Chief Financial Officer	5	5	0
Finance	15	15	0
Procurement	21	23	2
Treasury	5	4	(1)
Public Finance	2	2	0
Budget	3	2	(1)
Billing & Collections	20	20	0
Customer Service	91	94	3
DWSD TOTAL	650	669	19

* FTE count is tentative based on further discussion

Appropriation - Administration

	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Administration Appropriation				
Salaries/Wages	\$ 1,143,000	\$ 1,208,300	65,300	5.71%
Employee Benefits (Fringes)	472,600	505,600	33,000	6.98%
Contractual Services	1,714,000	1,450,200	(263,800)	-15.39%
Shared Services Expense	250,000	150,000	(100,000)	-40.00%
Supplies & Other	867,100	1,005,400	138,300	15.95%
TOTAL APPROPRIATION	\$ 4,446,700	\$ 4,319,500	(127,200)	-2.86%

Includes CEO and BOWC cost centers

- Eliminated one consultant contract and added four summer interns in CEO cost center
- Eliminated OPS-4 Shared Services (Water Quality Sampling, Testing, Reporting). GLWA will include in wholesale charges in FY21 (\$250K)
- Added a CoD Shared Services budget for Sustainability Office (\$150K)
- Increase in membership dues in utility organizations

Appropriation - Operations

	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Operations Appropriation				
Salaries/Wages	\$ 20,356,400	\$ 23,969,400	3,613,000	17.75%
Employee Benefits (Fringes)	8,247,000	9,793,700	1,546,700	18.57%
Contractual Services	13,987,900	14,388,900	401,000	2.87%
Shared Services Expense	800,000	800,000	-	0.00%
Supplies & Other	8,651,400	5,034,300	(3,617,100)	-41.81%
Utilities	5,027,400	5,027,400	-	0.00%
TOTAL APPROPRIATION	\$ 57,070,100	\$ 59,013,600	1,943,600	3.40%

Includes Field Services Director, Field Engineering, Field Services, Fleet, Facilities, Meter Operations and Stormwater Management Group cost centers

- Increase of 29 FTEs to offset work performed by the CIP contractor, AECOM
- Added minor plumbing repair assistance contracts (\$450,000)
- Increased budget for small equipment for day-to-day materials needed for meter installation

Appropriation - Compliance

	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Legal, Technology and Compliance				
Salaries/Wages	\$ 9,589,900	\$ 10,381,100	791,200	8.25%
Employee Benefits (Fringes)	3,954,400	4,329,700	375,300	9.49%
Contractual Services	5,626,500	6,148,000	521,500	9.24%
Shared Services Expense	3,294,800	2,495,000	(799,800)	-24.27%
Supplies & Other	7,775,200	9,501,800	1,726,600	22.21%
Claims and Judgements	-	-	-	0.00%
TOTAL APPROPRIATION	\$ 30,240,800	\$ 32,855,600	2,614,800	8.64%

Includes Security, Public Affairs, General Counsel, Organizational Development, Customer Service and Information Technology cost centers

- Increase in 8 FTEs in Public Affairs (2), Organizational Development (3) and Customer Service (3)
- Public Affairs added a contract for customer service surveys
- Added a contract for temporary hires for the call center (\$500K)
- Supplies & Other increased due to certain IT projects transitioning to maintenance phase requiring new maintenance and licensing agreements
- Shared services decreased due to partial cancelation of services

Appropriation - Finance

	Budget FY 2020	Preliminary FY 2021	Increase (Decrease)	% Change
Finance				
Salaries/Wages	\$ 4,908,400	\$ 5,219,700	311,300	6.34%
Employee Benefits (Fringes)	2,032,900	2,178,400	145,500	7.16%
Contractual Services	7,124,500	6,743,600	(380,900)	-5.35%
Shared Services Expense	40,000	270,000	230,000	575.00%
Supplies & Other	3,192,500	4,103,500	911,000	28.54%
TOTAL APPROPRIATION	17,298,300	18,515,200	1,216,900	7.03%

Includes CFO, Internal Audit, Controller, Procurement, Treasury, Public Finance, Budget and Billing and Collections cost centers

- Increase of two FTEs for Procurement and decrease of two FTEs in Treasury (1) and Budget (1)
- The supplemental Wayne Metro WRAP Assistance contract expired
- Increase in City staff services to include an allocation for Oracle Fusion
- Shared services expense increase is for bank fees with GLWA trust accounts
- Increased budget for DWSD bank fees



**NON-DEPARTMENTAL
(INDIRECT)
EXPENDITURES BUDGET
FISCAL YEAR 2021**



Non-Departmental (Indirect) Expenditures

	Water Fund				Sewer Fund			
	FY 2020 Budget	Preliminary FY 2021 Budget	Increase (Decrease)	% Change	FY 2020 Budget	Preliminary FY 2021 Budget	Increase (Decrease)	% Change
Non-Departmental (Indirect) Expenses								
Wholesale Charges	\$ 21,295,500	\$ 22,333,400	\$ 1,037,900	4.9%	\$ 185,817,100	\$ 190,735,428	\$ 4,918,328	2.6%
Industrial Waste Charges	-	-	-	-	1,700,000	1,481,800	(218,200)	-12.8%
Obligation to GLWA	33,438,800	33,438,800	-	-	26,271,500	26,271,500	-	0.0%
Series B and C Notes	1,505,000	1,505,000	-	-	2,505,000	2,505,000	-	0.0%
Legacy Pension	19,522,000	19,522,000	-	-	25,877,600	25,877,600	-	0.0%
Bad Debt Expense	7,248,600	7,503,400	254,800	3.5%	31,963,900	33,196,400	1,232,500	3.9%
WRAP Contribution	282,500	285,800	3,300	1.2%	484,200	513,300	29,100	6.0%
Total Non-Departmental (Indirect)	\$ 83,292,400	\$ 84,588,400	\$ 1,296,000	1.6%	\$ 274,619,300	\$ 280,581,028	\$ 5,961,728	2.2%

Thank You



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