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GLWA BOARD APPROVES WATER & WASTEWATER SERVICE BUDGET AND CHARGE INCREASES FOR FISCAL YEAR 2027

- *Water System average system charge increase is **5.8 percent**; Wastewater System average system charge increase is **4.26 percent**.*
- *Increased budget and charges reflect the continued need to responsibly invest in aging regional infrastructure that serves 40% of Michigan's population.*
- *Budget includes an additional \$7.5 million to begin expanding GLWA's strategic watermain replacement program.*

DETROIT— The Great Lakes Water Authority (GLWA) Board of Directors, at its meeting on February 25, 2026, approved the organization's Fiscal Year 2027 and FY 2028 biennial budget, as well as the corresponding FY 2027 water and wastewater service charges for its member partner communities. The average system-wide service charge increase is **5.8 percent** for the water system and **4.26 percent** for the wastewater system.

"Budget and charge increases are never implemented lightly," said Suzanne R. Coffey, P.E., Chief Executive Officer, GLWA. "However, our regional system is at an inflection point. Aging infrastructure is deteriorating faster than it can be replaced under the current funding model, while climate impacts and operational demands continue to rise. Our responsibility is striking the right balance; protecting affordability for the communities we serve while making the investments necessary to ensure long-term reliability, public health and system resilience."

Three Key Drivers Behind FY 2027 Budget/Charge Increases

There are three key drivers behind the FY27 budget/charge increases:

1. *A Critical Need for Investment in Aging Infrastructure* – Much of GLWA's infrastructure is approaching or exceeding its intended useful life and experiencing increasing strain which makes proactive investment essential. In fact, more than

220 miles of pipe, which equates to about a quarter of the regional system, now require replacement or decommissioning. Addressing that need represents roughly \$1.2 billion in additional investment. To begin to expand GLWA's strategic watermain replacement program, \$7.5 million has been included in the FY 2027 budget.

2. *Increases to Operating Expenses* – Inflation continues to significantly impact the cost of many operating expenses, including the cost of utilities (electric and gas), chemicals for water and wastewater treatment, personnel, and continued investment in technology for business and operating systems, as well as contractual services (such as emergency crews and suppliers that help GLWA respond to watermain breaks).
3. *Decreased Opportunity to Utilize Investment Earnings to Offset Charges* – The money from positive returns on GLWA's investment portfolio go directly to offset charges to member partner communities. Due to U.S. Federal Reserve rate cuts, earnings from GLWA's investment portfolio are estimated to decrease by \$8 million (\$4 million applied to the water system and \$4 million applied to the sewer system) in FY 2027. This means that GLWA does not have the flexibility it has had in previous years to lessen the impact of the charge increase by applying the earnings.

“Our budget and charge increases are based on extensive financial and asset management planning and strategy development, as well as transparent discussions over many months during each budget development cycle with our member partner communities and our board of directors,” said Nicolette N. Bateson, CPA, Chief Financial Officer and Treasurer. “I am certain that we have used all the tools in our toolbox to optimize operations and contain costs. Sustaining affordability while modernizing infrastructure will need to go beyond the current funding model of placing the burden on our member partners and the households and business they serve across our region and will require regional collaboration and support from state and federal partners.”

GLWA's total budget for FY 2027 is \$1 billion, which is approximately \$36 million above FY 2026. It should be noted that nearly half of GLWA's water system budget and more than half of the wastewater system budget are dedicated to capital improvements that support the reliability of the regional system for current and future generations.

Transparency and Engagement

GLWA developed the FY 2027 budget and charges through an extensive, five-month engagement process including four charges rollout meetings attended by 55 customer communities, in-depth individual meetings with 12 customer communities, and public

hearings. This collaborative process ensures transparency, shared understanding, and accountability.

The water and wastewater service charges set by GLWA cover all the Authority's costs of providing water and wastewater services. This includes pumping stations, transmission pipes, and treatment plant maintenance and renewal, as well as paying debt service on outstanding bonds issued to fund ongoing capital improvements to the system's vast infrastructure.

It is important to note that GLWA service charges are only one element of what residents and business owners see on their bill. Each municipality has its own added costs associated with maintaining its local system, which can mean that GLWA's charges may be a larger or smaller percentage of the total cost of a local community's water expenses. Ultimately, each individual member partner community sets the end cost, or local rates, passed along to residents and businesses.

For more information on GLWA, please visit www.glwater.org.

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About the Great Lakes Water Authority (GLWA)

The Great Lakes Water Authority (GLWA) is the provider-of-choice for drinking water services to nearly 40 percent, and efficient and effective wastewater services to nearly 30 percent, of Michigan's population. With the Great Lakes as source water, GLWA is uniquely positioned to provide those it serves with water of unquestionable quality. GLWA also has the capacity to extend its services beyond its 88 member partner communities. As part of its commitment to water affordability, the Authority offers a Water Residential Assistance Program to assist low-income households in participating member communities throughout the system. GLWA's board includes one representative each from Oakland, Macomb, and Wayne counties, two representatives from the city of Detroit, and one appointed by the Michigan governor to represent member partner communities outside of the tri-county area.

