

WHY DOES GLWA NEED TO RAISE ITS CHARGES?



The Great Lakes Water Authority's (GLWA) proposed water and wastewater system charges for Fiscal Year 2027, which begins on July 1, 2026, reflect the continued need to responsibly invest in an aging regional infrastructure system that serves approximately 40 percent of Michigan's population.

Requests for budget and charge increases are never presented lightly. Our increases are based on extensive financial and asset management planning and strategy development, as well as extensive discussions with our customer communities and Board of Directors.

Internal cost controls and a focus on overall affordability underly all our decision making because we understand the actions we take now will have a great impact on future generations.

There are three key drivers behind our request to increase water and wastewater system charges (5.8% and 4.26%, respectively):

1. Critical Need for Investment in Aging Infrastructure



The water system serving our region was built nearly a century ago. Pipes and mains installed in the 1920s when Calvin Coolidge was president were never intended to last this long and are under growing strain. In fact, more than 220 miles of pipe, or about a quarter of our system, now require replacement or decommissioning. The longer we wait to do this work the more expensive it gets.

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 and contractual services (such as emergency crews and suppliers that help us respond to watermain breaks).

3. Decreased Opportunity to Utilize Investment Earnings to Offset Charges



Because of U.S. Federal Reserve rate cuts, earnings from GLWA's investment portfolio will decrease by \$8 million (\$4 million applied to the water system and \$4 million applied to the sewer system). 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. This decrease in investment earnings has impacted water utilities across the United States.

Despite the proposed FY 2027 increases, as well as absorbing several years of double digit increases in chemical, utility, construction and other costs, GLWA's 10-year average system charge adjustment for the water system is slightly above 3% and is slightly below 2% for the sewer system.

A public hearing on the proposed budget and charge increases will be held at 1:00 p.m. on Wednesday, February 25, 2026. For more information on the meeting please visit www.glwwater.org.