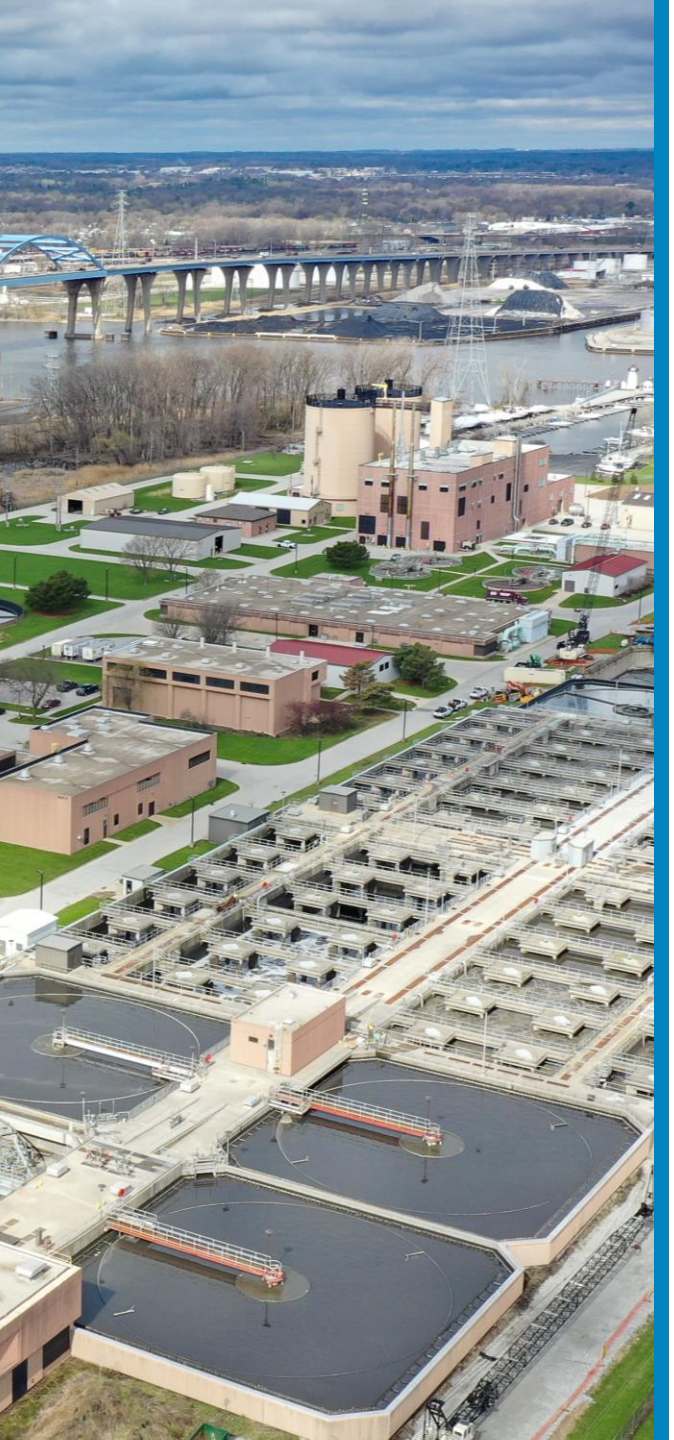


2027 Draft Budget

Municipal & Industrial Partner Meeting

September 17, 2026

The brand of the Green Bay Metropolitan Sewerage District

Today’s Agenda

- Welcome & Presentation ~ Nathan Qualls, Executive Director

- Ongoing Advocacy & Your Support
- 2027 Budget Presentation

Protecting our most valuable resource, water

Clean Water State Revolving Fund: Ongoing Advocacy for Savings

- Important source of financing to offset costs
- State-wide effort in 2025 successful
- Monitoring federal happenings on this issue

Your ongoing support is appreciated, as we advocate for cost savings for our community

Budget 101

Budget Process Overview

Revenue Requirements / Costs
- O&M Expenses
- Debt Service
- Annual Capital
- Reserve Use/Build

Unit Projections
- Flows
- Pollutant Loadings

Cost Allocation Methodology
- Fixed Asset Allocation

→ **Budget Model** →

Capital Charges

Unit Rates
- Mill
- Municipal

Revenue Requirements / Costs

- O&M Expenses
  - Salaries & benefits, power & chemicals, etc
- Debt Service
  - Debt financing costs: Clean Water Fund & GO Bonds
- Annual Capital
  - Cash funded projects
- Reserve Use/Build
  - Reserve use to offset revenue requirements from customers
  - Based on Strategic Financial Plan

Unit Projections

- Unit projections account for residential growth and economic development
- Used to calculate parameter rates and distribute capital fixed charges
- Used to forecast O&M expenses

	VOLUME	BOD	TSS	PHOS	TKN
	1,000 Gallons	Pounds	Pounds	Pounds	Pounds
City of Green Bay	4,773,878	8,840,280	8,560,308	216,564	1,457,640
City of De Pere	1,354,254	3,369,828	1,369,044	18,528	243,528
Sustana Fiber	255,700	1,262,300	459,341	21,907	120,000
Village of Allouez	705,000	905,000	1,080,000	22,500	166,000
Village of Ashwaubenon	1,377,000	3,141,132	2,784,408	66,756	358,860
Village of Bellevue	758,076	1,124,892	1,066,752	27,324	215,424
Village of Hobart	268,170	468,312	[illegible]	10,796	92,031
Village of Howard	918,822	1,800,000	4,400,000	34,044	374,544
Village of Luxemburg	114,278	[illegible]	[illegible]	2,043	17,500
Village of Pulaski	189,440	[illegible]	54,264	6,468	36,852
Village of Suamico	[illegible]	[illegible]	477,420	13,800	76,944
Town of Ledgeview Sanitary District #2	222,000	375,000	388,644	10,440	86,500
Town of Lawrence - Utility District	145,000	317,784	404,000	7,620	62,844
Pittsfield Sanitary District	13,861	20,645	26,030	544	4,335
Scott Municipal Utility	132,066	172,212	207,672	4,236	32,784
Dyckesville Sanitary District	28,415	55,819	70,378	1,472	11,721
Total Municipal	**11,471,379**	**22,638,772**	**21,857,806**	**465,042**	**3,357,507**

Example

Source: 2026 Budget Package Page 7

Cost Allocation Methodology

- Supported by a rate consultant, following industry best practice
- The methodology maintains an equitable distribution of costs to the wastewater parameters based upon the fixed assets' intended design purpose and system users
- Updated every 3-5 years or upon a large capital project completion
- Will have an impact on the annual parameter unit rates when updates occur

Each Customer allocation is based on their usage of the system

Capital Charge

- Not a new or additional charge
- Implemented to stabilize a portion of the annual revenue requirement
- 100% of capital is collected through the Capital Fixed Charge
  - Allocated to Municipal Customers based on budgeted units, then trued up to actual units (invoiced or credited the following year)
  - Green Bay Packaging and Procter & Gamble pay for capital proportional to their allocated capacity

Parameter Unit Rates

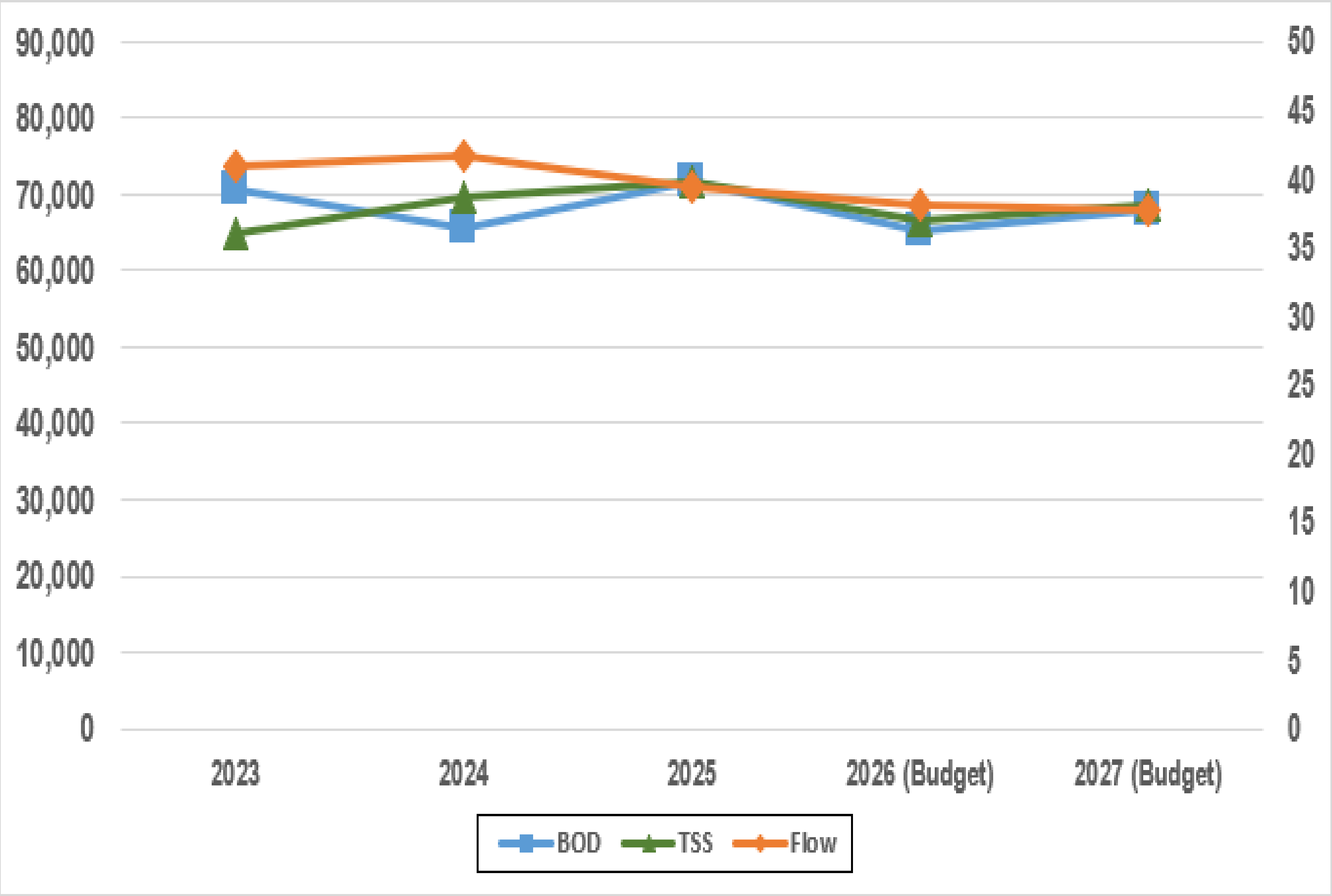
- Municipal unit rates are the SAME for each municipal customer and are comprised of 100% of Municipal O&M
- Total Mill Unit rates are the SAME for each Total Mill customer
- Municipal Rates are: $\dfrac{\text{Parameter Revenue Requirement}}{\text{Total Parameter Unit Projection}}$
- *Though each municipal customer is charged the SAME municipal rate, budget to budget revenue **differences will vary among customers due to the forecasted use of the system.***

2027 Draft Budget Update

2026 Budget Update (through July)

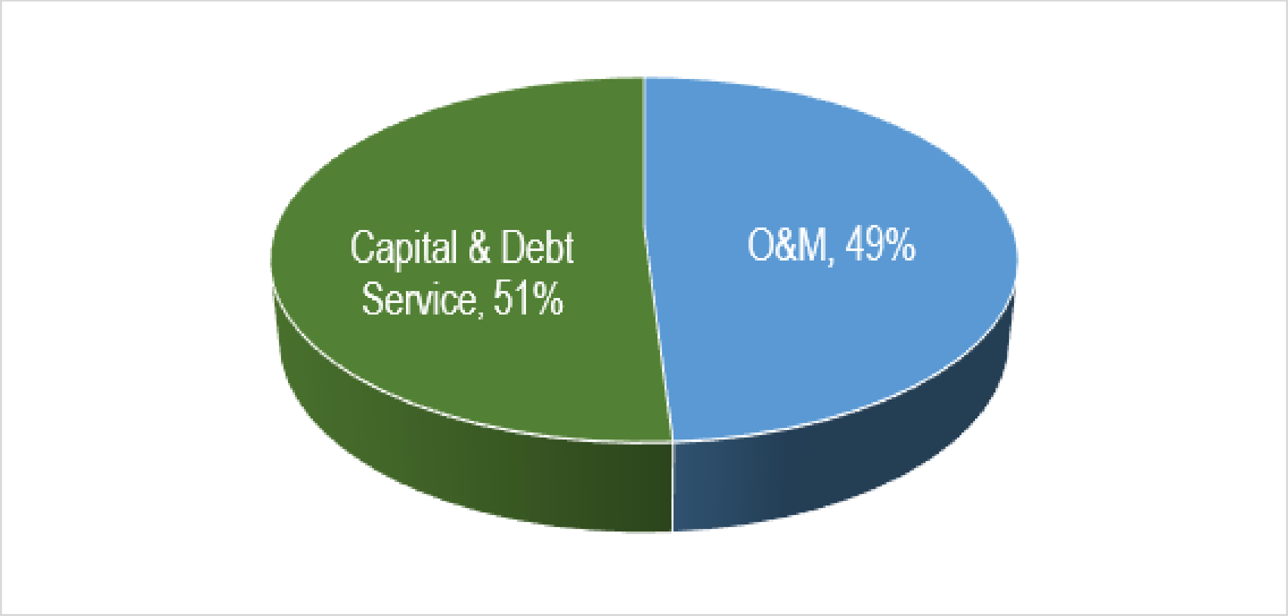
- Overall operating revenue at 105% of budget
- Overall operating expense at 94% of budget
- Expect to finish 2026 slightly ahead of operating revenue and close to budget for operating expense
- Finished 2025 at 102% of operating revenue budget and 97% of operating expense budget

Flows and Loads



2027 Proposed Expenses

Budget Category	2026 Budget	2027 Budget	% Change
Operations & Maintenance (O&M)	$29,622,802	$31,033,996	4.8%
Debt Service and Annual Capital	$27,958,990	$32,329,536	15.6%
Total Expenses	$57,581,792	$63,363,532	10.0%



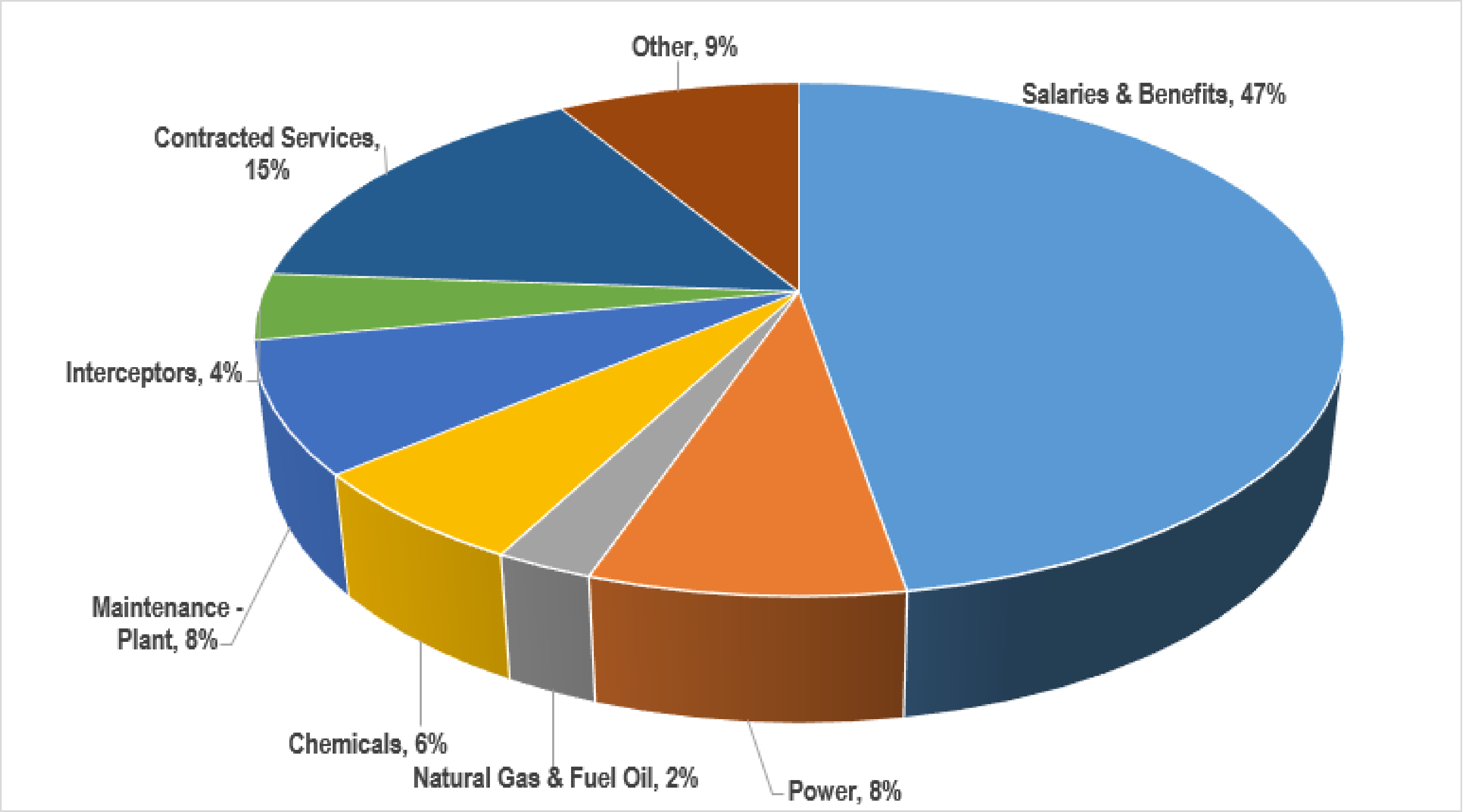
*Note: $2.7M use of Plant Capital Replacement Reserves to stabilize rates between 5.5%-7%

O&M Changes from 2026 Budget

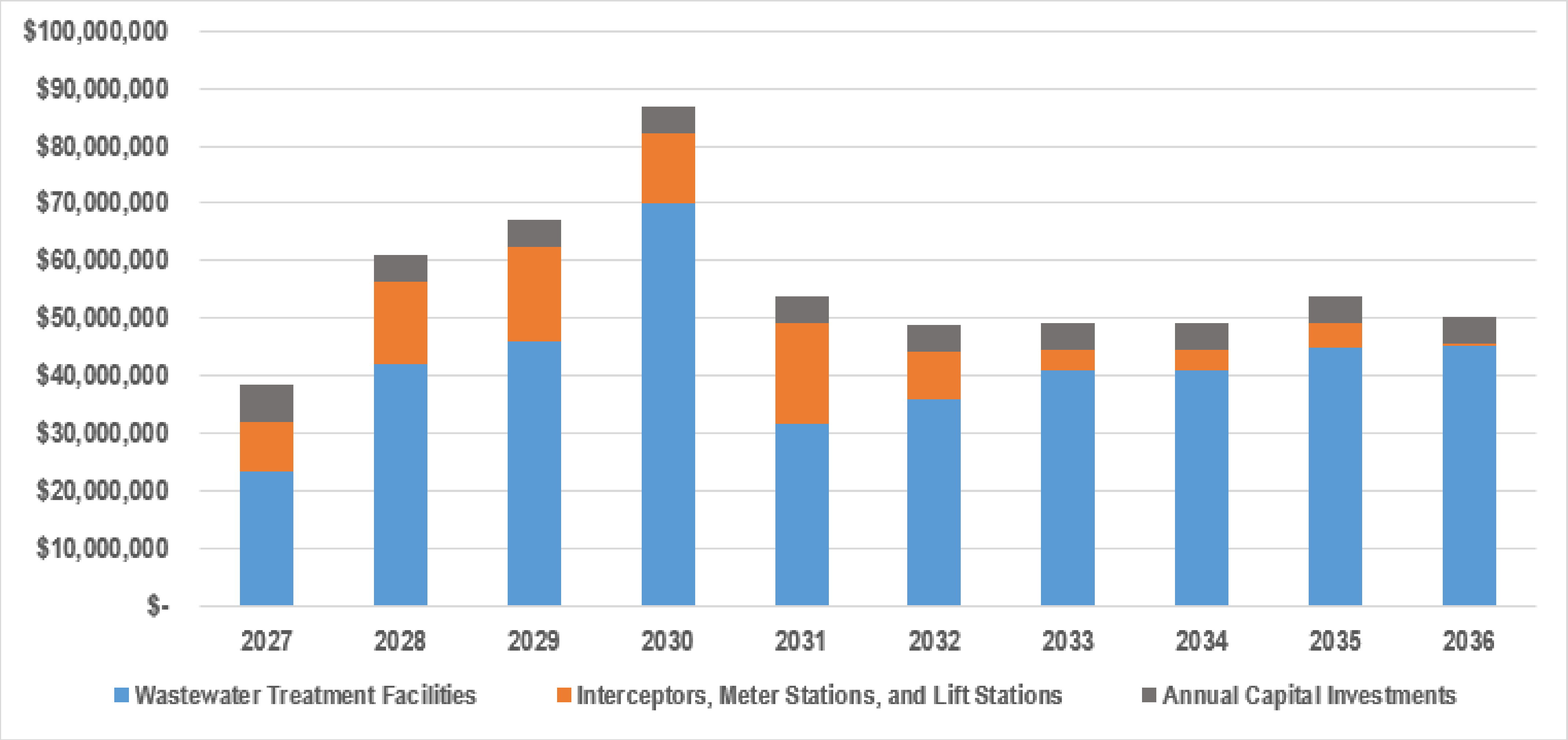
O&M Item	Budget Change
Interceptor O&M	+46%
Chemicals	+10%
Information Technology	+8%

Salary & Benefit item	Budget Change
Health Insurance Premium	+14.9%
Market Adjustment to Base Wages (Average)	+2.5%

2027 O&M Expense Distribution



Proposed Long-Term Capital Projects

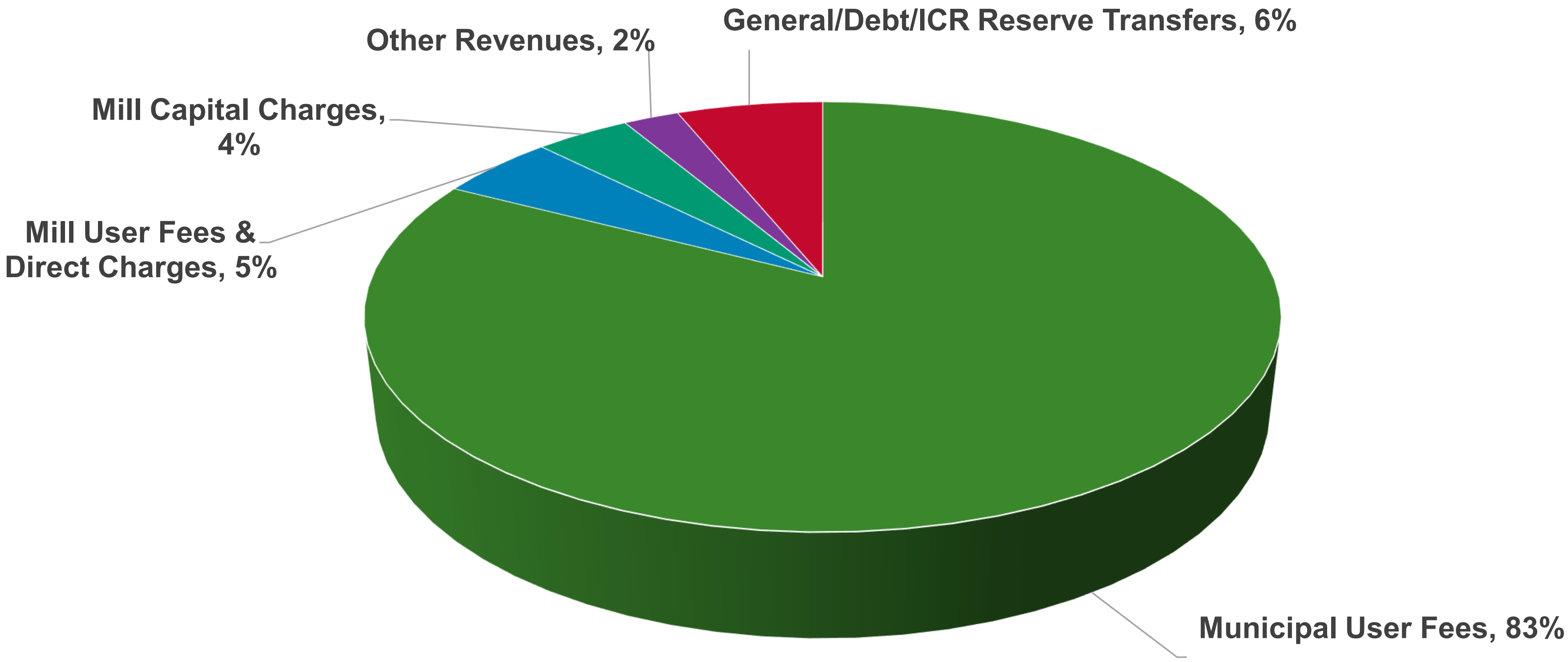


2027 Revenue

Budget Categories	2026 Budget	2027 Budget	% Change
Municipal User Fees	$48,995,574	$52,351,405	6.8%
Mill User Fees and Direct Charges	$ 3,060,228	$ 3,111,246	1.7%
Mill Capital Charges	$ 2,417,903	$ 2,518,926	4.2%
Other Revenues	$ 1,287,017	$ 1,480,130	15.0%
ICR and Debt Reserve Transfers	$ 1,221,069	$ 1,201,825	-1.6%
Contribution (TO)/FROM Capital Res	$ 600,000	$ 2,700,000	350.0%
Total Revenues	$57,581,792	$63,363,532	10.0%

Municipal User Fees are 83% of Total Revenues

2027 Revenue



Municipal Rate Comparison

Capital Charge included in Parameter Rate (Fully loaded rates)			
Parameter	2026 Budget	2027 Budget	% Change
Volume (1,000 gals)	$ 1.44635	$ 1.57979	9.2%
Biochemical Oxygen Demand (lbs)	$ 0.61064	$ 0.61991	1.5%
Suspended Solids (lbs)	$ 0.61737	$ 0.63482	2.8%
Phosphorus (lbs)	$ 2.93279	$ 3.15053	7.4%
Total Kjeldahl Nitrogen (lbs)	$ 1.13171	$ 1.16919	3.3%

Capital Charge NOT included in Parameter Rate (Billed rates)			
Parameter	2026 Budget	2027 Budget	% Change
Volume (1,000 gals)	$ 0.79624	$ 0.87112	9.4%
Biochemical Oxygen Demand (lbs)	$ 0.30662	$ 0.30293	-1.2%
Suspended Solids (lbs)	$ 0.32105	$ 0.32204	0.3%
Phosphorus (lbs)	$ 1.41383	$ 1.46650	3.7%
Total Kjeldahl Nitrogen (lbs)	$ 0.52316	$ 0.52388	0.1%

Capital Charge	$ 21,292,745	$ 25,623,949	20.34%

Parameter rates billed to customers do not include capital charge; that is billed separately

2027 DRAFT Budget Summary

2027 DRAFT Budget compared to 2026 Budget	Percentage
TOTAL Expenses increased	10.0% *
Capital Expenses increased	15.6%
O&M Expenses increased	4.8%
Municipal User Fees increased	6.8%
Note: A portion of the Interceptor Debt Service was offset through the use of ICR Reserves * $2.7M Use of Plant Capital Replacement Reserves to stabilize Municipal user fees between 5.5%-7%	

Reserve Use History

NEW Water has utilized Reserve Funds to offset costs over the past several years and is forecasting to continue to strategically utilize reserves

Year	Approximate Amount
2024	$1.5M
2025	$1.6M
2026	$1.8M
2027 Draft	$3.9M
Includes use from Interceptor Cost Recovery and Plant Capital Replacement Reserve	

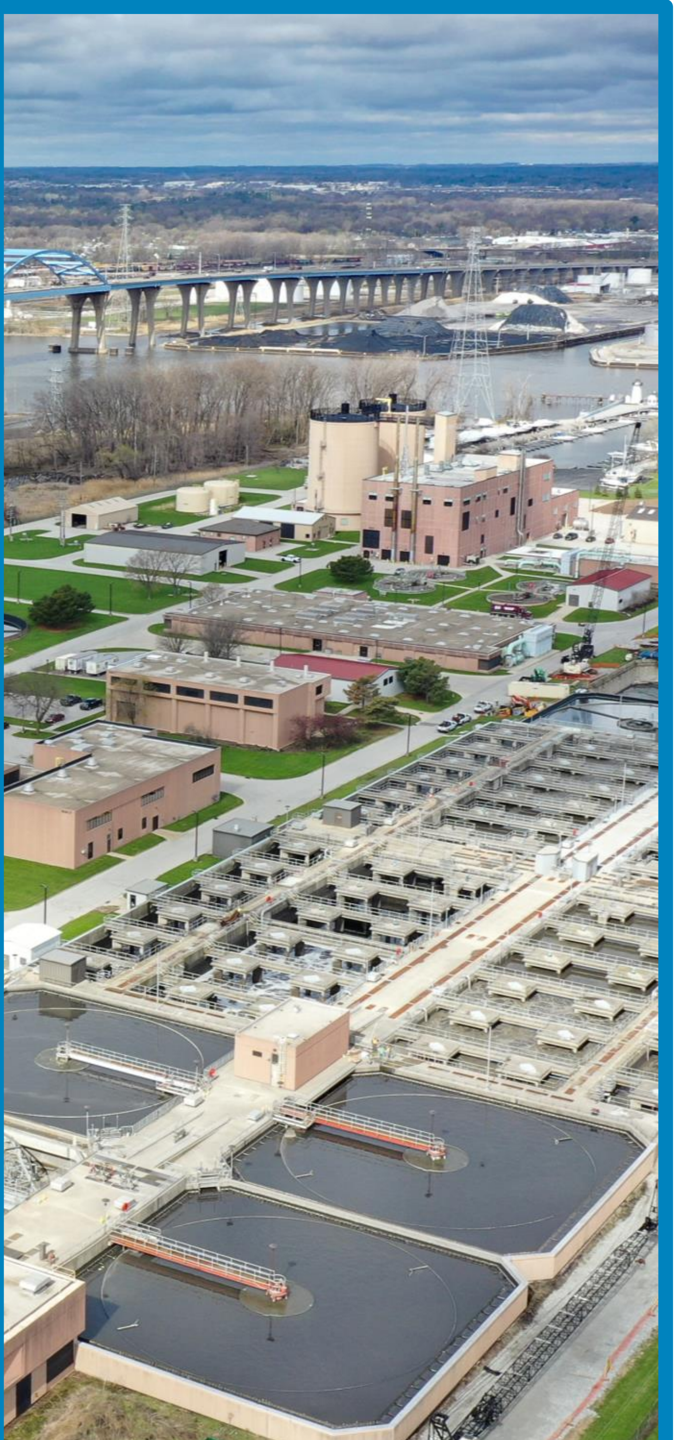
Investing in Infrastructure for Reliable Services

NEW Water Cost for a Typical Household

For the <u>DRAFT</u> 2027 budget, a typical household will pay **about $30 per month** for NEW Water services*

This is an increase of about $1.39 per month over the 2026 budget.

**NEW Water provides continuous service throughout the year as a wholesale provider, servicing 15 municipal customers. Rates are the same for each municipal customer and NEW Water does not bill residents directly. Each municipality calculates their bills according to wastewater services they require of their residents, businesses, and industries. Bills from municipalities will also include other costs such as the municipalities' cost to operate and maintain their neighborhood sewer system, which then connects to the NEW Water system.*



Thank You!

Stay tuned to NEW Water news

www.newwater.us

NEW Water

The brand of the Green Bay Metropolitan Sewerage District