



Welcome! We'll be starting our 10:00 meeting soon!

(please check to make sure that you can mute/unmute
your audio and review your camera sharing options)

MWRA Advisory Board Meeting

April 21, 2022



MWRA Advisory Board Meeting
April 21, 2022



Preview of Advisory Board Comments & Recommendations On MWRA PFY23 Budget



Targeted Advisory Board RRR

	FY22 Approved	FY23 Proposed	
Rate Revenue	792,084,000	819,138,000	3.42%

Year	Proposed	Approved
FY18	3.79%	3.19%
FY19	3.91%	3.07%
FY20	3.74%	3.07%
FY21	3.62%	1.00%
FY22	3.59%	2.95%
FY23	3.42%	2.8 - 2.9%



Water 3.93%
Sewer 3.14%



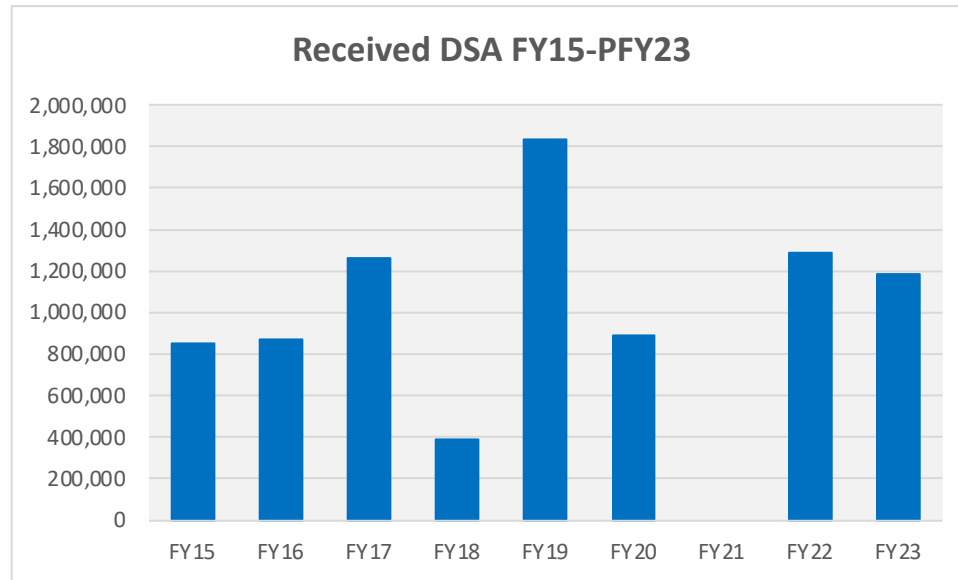
Areas of Interest

- Debt Service Assistance
- MWRA personnel/vacancy rate
- Rate stabilization
- Pension
- Spring Revisits



Debt Service Assistance

- \$1,182,494 in DSA





Debt Service Assistance

Developing PFY23 Comments & Recommendations

Continuation of the Advisory Board's "Pay it Forward" Principle, applying FY22 Debt Service Assistance towards FY23 Budget.

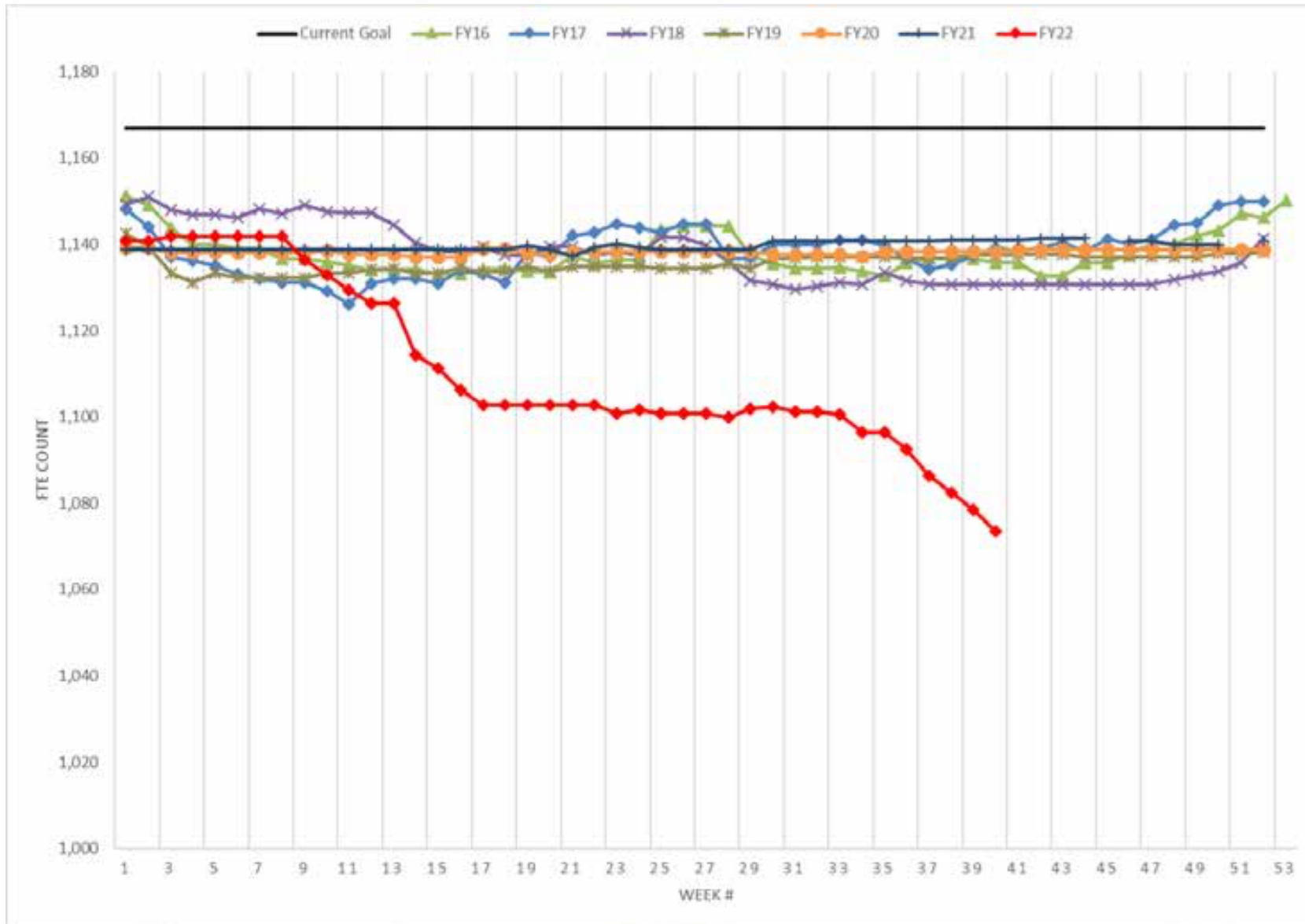


Personnel

Proposed Fiscal Year 2023				
Personnel Expenses Summary				
(\$s)				
Line Item/Description	Final FY22	Proposed FY23	Δ (\$s)	Δ (%)
Regular Pay	\$111,146,292	\$115,813,644	\$4,667,352	4.2%
Regular wages and salaries for full- and part-time employees.				
Other Pay	1,773,056	1,800,209	27,153	1.5%
Includes shift differential, holiday pay, temporary employees, interns/co-ops, and stand by pay.				
Wages and Salaries Subtotal	112,919,298	117,613,583	4,694,285	4.2%
Fringe Benefits	22,402,224	23,388,637	986,413	4.4%
Includes health insurance, dental insurance, Medicare, and all other fringe benefits.				
Overtime	5,018,295	5,218,345	200,050	4.0%
For planned maintenance, emergency, and coverage.				
Workers' Compensation	2,475,655	2,242,524	-233,131	-9.4%
Includes compensation payments, medical payments, and other related costs.				
TOTAL PERSONNEL EXPENSES	\$142,815,472	\$148,463,089	\$5,647,617	4.0%



Personnel





Personnel

- 77 resignations/retirements/terminations in FY21
- 112 resignations/retirements/terminations in FY22
- Increased overtime projected in spring revisits
- \$8.6 million wages & salaries underspending (March 22)
- PFY23 funded with vacancy rate of 21FTE



Personnel

Developing PFY23 Comments & Recommendations

Consultation via a compensation and staffing study to review the new MWRA staffing trends post COVID-19

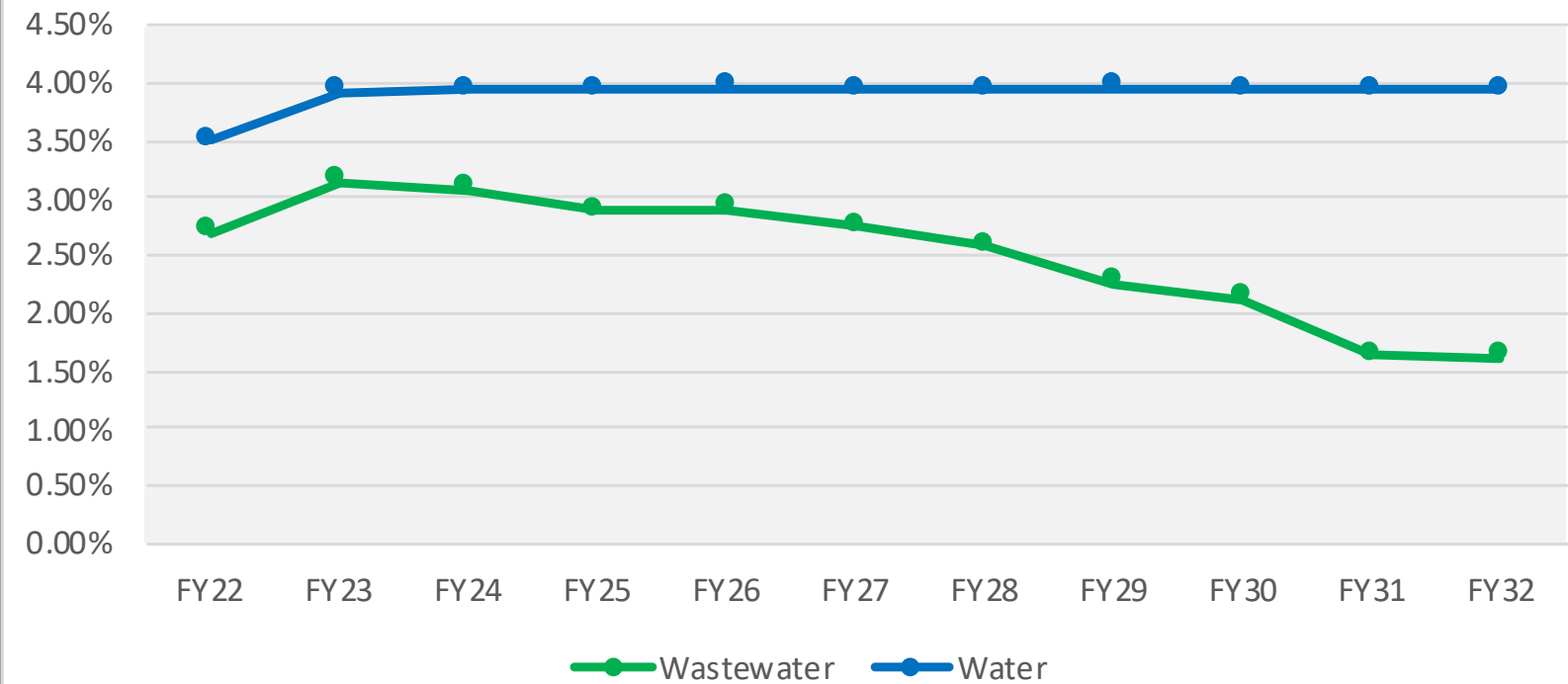


Rate Stabilization

Projected Use of Rate Stabilization PFY23-32

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer	\$980,000	\$800,000	\$575,000	\$425,000	\$350,000	\$300,000	\$200,000	\$140,000	\$12,100	\$0

Projected Water and Sewer Rate Changes FY22-FY32



	Water	Sewer
Rate Stabilization	\$34.5 million	\$5.7 million
Bond Redemption	\$20.3 million	\$5.7 million

[illegible]

[illegible]



Rate Stabilization

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Combined Rate Change	3.14%	3.06%	2.88%	4.24%	3.17%	3.07%	2.88%	2.79%	2.49%	2.50%

Sewer Rate Change	3.14%	3.07%	2.88%	2.90%	2.74%	2.58%	2.27%	2.12%	1.64%	1.62%
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Water Rate Revenue (millions)	\$286.1	\$294.9	\$303.4	\$323.8	\$336.5	\$349.8	\$363.6	\$377.9	\$392.8	\$408.3
Water Rate Stabilization (millions)	\$2.2	\$4.8	\$8.1	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Water Rate Change	3.14%	3.06%	2.89%	6.72%	3.94%	3.94%	3.94%	3.94%	3.94%	3.94%



Rate Stabilization

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Combined Rate Change	3.14%	3.06%	2.88%	2.90%	4.52%	3.07%	2.88%	2.79%	2.49%	2.50%

Sewer Rate Change	3.14%	3.07%	2.88%	2.90%	2.74%	2.58%	2.27%	2.12%	1.64%	1.62%
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Water Rate Stabilization (millions)	\$2.2	\$4.8	\$8.1	\$11.6	\$0	\$0	\$0	\$0	\$0	\$0
Water Rate Change	3.14%	3.06%	2.89%	2.89%	7.81%	3.94%	3.94%	3.94%	3.94%	3.94%



Rate Stabilization

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Combined Rate Change	3.14%	3.06%	2.88%	2.90%	2.75%	4.85%	2.88%	2.79%	2.49%	2.50%

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Water Rate Stabilization (millions)	\$2.2	\$4.8	\$8.1	\$11.6	\$15.8	\$0	\$0	\$0	\$0	\$0
Water Rate Change	3.14%	3.06%	2.89%	2.89%	2.75%	9.06%	3.94%	3.94%	3.94%	3.94%

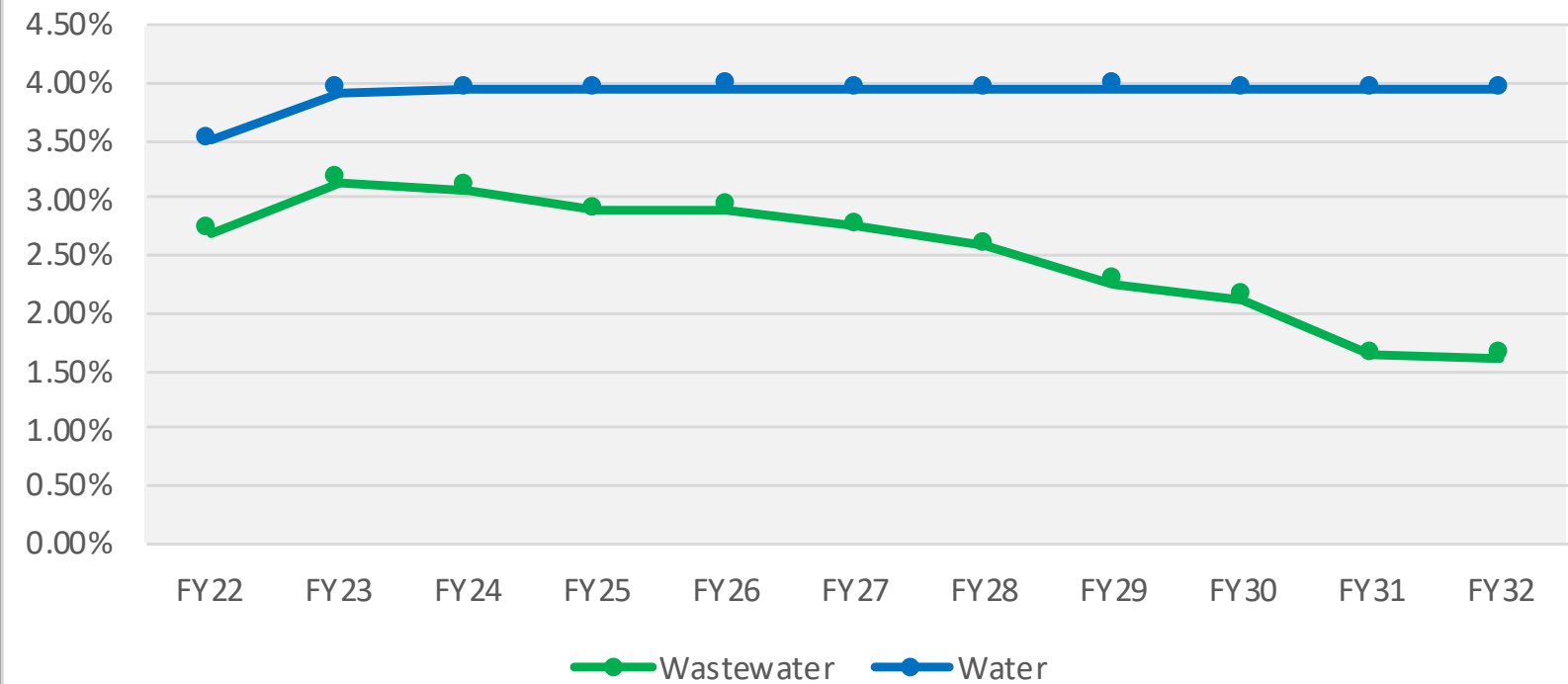


Rate Stabilization

Projected Use of Rate Stabilization PFY23-32

	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32
Water	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sewer	\$980,000	\$800,000	\$575,000	\$425,000	\$350,000	\$300,000	\$200,000	\$140,000	\$12,100	\$0

Projected Water and Sewer Rate Changes FY22-FY32



	Water	Sewer
Rate Stabilization	\$34.5 million	\$5.7 million
Bond Redemption	\$20.3 million	\$5.7 million



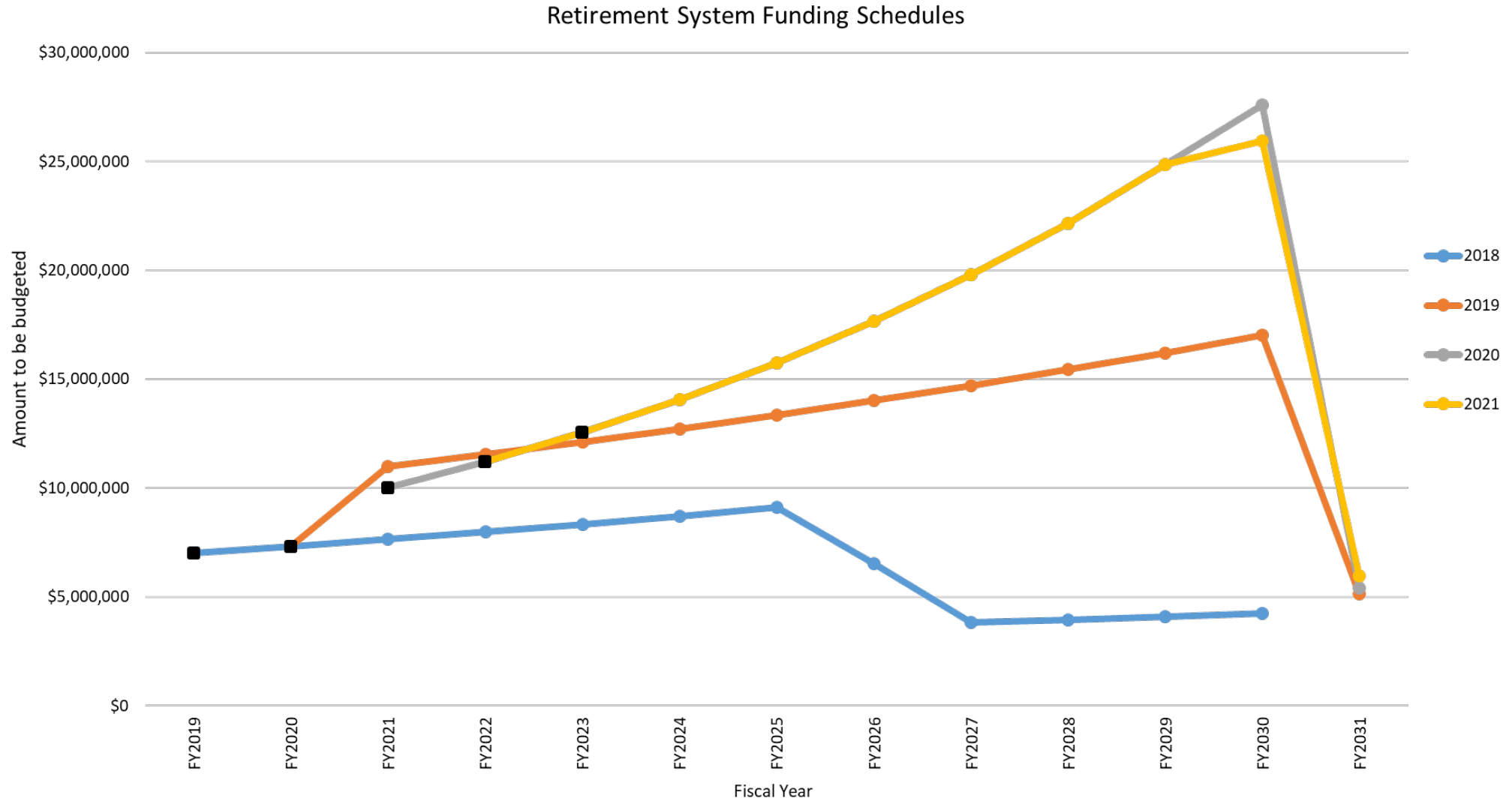
Rate Stabilization

Developing PFY23 Comments & Recommendations

Incorporating a strategy that uses rate stabilization sustainably and predictably within the water utility



Pension





Pension

Developing PFY23 Comments & Recommendations

*Exploring ways to utilize water utility rate
stabilization towards water utility pension
costs*



Pension

Developing PFY23 Comments & Recommendations

*Offsetting water utility pension costs by
reallocating OPEB contributions*



Pension

Developing PFY23 Comments & Recommendations

Long term approach of legislation to enable PERAC to grant nearly funded agencies like MWRA to utilize a rolling fully funded date



Pension

Developing PFY23 Comments & Recommendations

*Short term approach of MWRA
Retirement Board and PERAC working
together to operate with a rolling fully
funded date using the 2040 PERAC
deadline*



Spring Revisits

IMPACTS ON EXPENDITURES	Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY22 CEB		
Staffing (vacancy rate assumptions)	\$ (250,000)	Reduction of 2.5 FTEs
Optional Debt Prepayment	\$ (1,162,500)	50% reduction of proposed increase
Debt Service Assistance	\$ (1,287,870)	Continuing Advisory Board recommendation to "pay it forward"
Indirect Costs - Watershed Staffing	\$ (761,000)	Based conservatively on actual FTE vacancies at DCR
Subtotal AB Recommendations	\$ (3,461,370)	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY22 CEB		
Direct & Indirect Cost Changes		
Wages & Salaries	\$ (933,511)	Reduction to Interns and Reserve
Overtime	\$ (61,654)	Removed Quench Buggy overtime
Fringe Benefits	\$ (135,507)	Reduction to health insurance based on revised rates from GIC, offset by increases to PFML and Medicare based on updated calculations
Chemicals	\$ 98,848	Increase due to revised chemical pricing
Utilities	\$ 337,532	Increase due to revised electricity pricing
Maintenance	\$ (1,470,899)	Removed DITP roofing project and reduced spending projection
Training and Meetings	\$ (24,400)	Reduced based on anticipated needs
Professional Services	\$ (246,000)	Reduction for revised pricing for the Biobot engagement
Other Materials	\$ 1,705,000	CNY moving costs partially offset by reduction to projected vehicle purchase expense
Other Services	\$ (332,484)	Reduction to Sludge Pelletization driven by reduced quantities
Watershed	\$ (535,880)	Reduction driven by increased vacancy adjustment (from 7 to 14 FTEs), partially offset by an increase to PILOT
HEEC	\$ 15,912	Slight increase based on latest info from HEEC
Insurance	\$ 400,000	Increase to premiums based on latest bids received
Subtotal of Changes to Operating Costs	\$ (1,183,043)	
Revenue & Income		
	\$ -	
Subtotal of Rate & Revenue	\$ -	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	\$ (149,527)	Updated based on applicable adjustments; applies only to direct costs and certain indirect costs (revenue not included)
NET CHANGES TO PROPOSED FY22 CEB	\$ (4,793,940)	



Spring Revisits

Developing PFY23 Comments & Recommendations

*Working closely with MWRA staff to
anticipate and prepare for PFY23 spring
revisits*



Capital Improvement Program

FY23 Proposed		FY19	FY20	FY21	FY22	FY23	Total FY19-23
	Projected Expenditures	\$142.9	\$159.0	\$148.4	\$180.9	\$309.7	\$940.9
	I/I Program	(39.6)	(35.2)	(31.3)	(24.0)	(35.5)	(165.7)
	Water Loan Program	(13.8)	(11.4)	(14.9)	(23.1)	5.8	(57.5)
	MWRA Spending	\$89.4	\$112.3	\$102.2	\$133.8	\$279.9	\$717.7
	Contingency	0.0	0.0	0.0	7.9	18.0	25.9
	Inflation on Unawarded Construction	0.0	0.0	0.0	0.0	3.6	3.6
	Chicopee Valley Aqueduct Projects	(0.0)	0.0	0.0	0.0	0.0	(0.0)
	FY22 Draft Final FY19-23 Spending	\$89.4	\$112.3	\$102.2	\$141.7	\$301.5	\$747.2



FISCAL YEAR 2022

Capital Improvement Program



MASSACHUSETTS WATER RESOURCES AUTHORITY



Areas of Interest

- Debt Service Assistance
- MWRA personnel/vacancy rate
- Rate stabilization
- Pension
- Spring Revisits

} 2.8 - 2.9%



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Overview of Proposal to Modify MWRA's Policy # OP.10



Process to Date

- Executive Committee began discussing in fall 2021
- Executive Committee voted in February 2022 to send recommendation to the full Advisory Board



Motion

Within five years from adoption by the MWRA Board of Directors...

...communities outside the MWRA service area seeking entrance into the MWRA water system, who are dealing with water quality/public health concerns (such as PFAS levels, restoration/protection of a depleted River Basin), or for the opportunity for increased economic development within the community and Commonwealth),...

shall be eligible for an entrance fee waiver...

...provided that any costs associated with connecting to the MWRA's water system are not to be funded or paid by MWRA, and the amount of new water sold shall not exceed 20 MGD.



Information Packet



Advocacy & Accountability

Representing Over 3 Million People in Massachusetts Communities Since 1985

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Marginal Cost of Supplying More Water

Bond Counsel Opinion



Why Now?

Processes and Policies Evolve

Since 1985, entrance fee has been modified 3 times

1. Entrance fee paid up front
2. Entrance fee can be paid over 20 years with interest
3. Entrance fee can be paid over 25 years interest-free with 3-year grace period



Some Successes Some Failures

Common reason for failure was entrance fee

WATER ISSUES ARE ON THE FRONT BURNER

1. Potential major infusion of funds:
 - American Rescue Plan Act (ARPA)
 - Infrastructure Investment and Jobs Act (IIJA)
 - State Budget Surpluses
2. State task force looking at impacts of PFAS on local water systems
3. State funding for MWRA to conduct system expansion feasibility study
 - Ipswich River Basin
 - South Shore



Critical Questions to Address

Do we have water to sell?

Massachusetts Water Resources Authority

Total Water Supplied (million gallons per day)

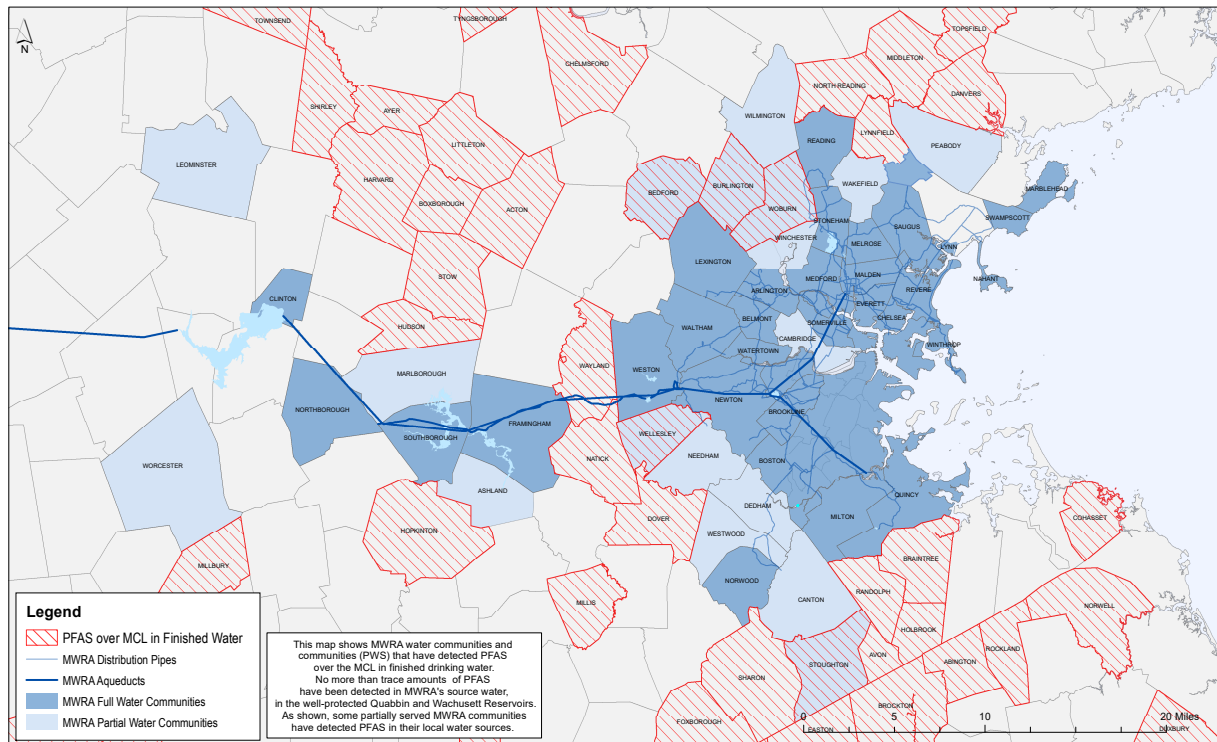




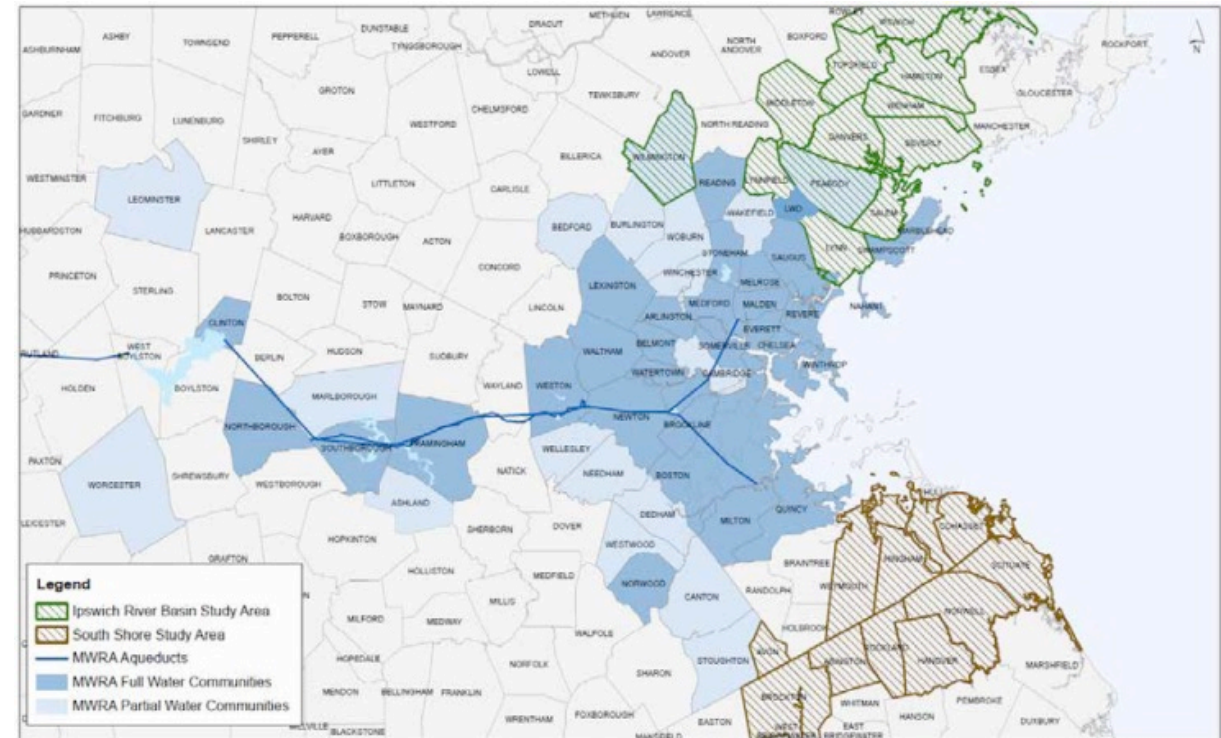
Critical Questions to Address

Are there communities who have expressed interest or could potentially need MWRA water?

PFAS Detections



System Expansion Study Areas





How Does This Benefit Water Communities?

Short Term Impact of a New 5 mgd Community

Total decrease in community rates (in one fiscal year)	Additional entrance fee revenue (in one fiscal year, beginning in fourth year)
\$7,782,172	\$963,319

Long Term Impact of a New 5 mgd Community

Total decrease in community rates (over 25 years)	Additional entrance fee revenue (over 25 years)
\$194,554,300	\$24,080,975

Short Term Impact of a New 10 mgd Community

Total decrease in community rates (in one fiscal year)	Additional entrance fee revenue (in one fiscal year, beginning in fourth year)
\$15,139,638	\$1,828,935

Long Term Impact of a New 10 mgd Community

Total decrease in community rates (over 25 years)	Additional entrance fee revenue (over 25 years)
\$378,490,950	\$45,233,375



QUESTIONS?



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Draft Advisory Board FY23 Operating Budget



Draft Advisory Board FY23 Operating Budget

	Approved FY21	Approved FY22	Draft FY23	Change from FY22
PERSONNEL				
Regular employees	4 full time	4 full time	4 full time	
Part-Time employees				
Total employees	\$439,310	\$439,310	\$448,641	2.1%
Consultant/Contract Employee	\$0	\$0	\$4,725	
Benefits	\$2,500	\$2,500	\$3,260	30.4%
Medicare	\$6,370	\$6,370	\$6,755	6.0%
SUBTOTAL	\$8,870	\$8,870	\$14,740	66.2%
OFFICE SPACE				
Rent	\$72,000	\$74,000	\$67,000	-9.5%
Insurance & Workers' Comp.	\$2,900	\$2,900	\$2,900	0.0%
SUBTOTAL	\$74,900	\$76,900	\$69,900	-9.1%
MATERIALS				
Office & PC supplies	\$10,000	\$10,000	\$10,000	0.0%
Postage	\$1,500	\$500	\$200	-60.0%
Printing	\$1,000	\$1,000	\$750	-25.0%
SUBTOTAL	\$12,500	\$11,500	\$10,950	-4.8%
FURNITURE & EQUIPMENT				
Furniture & Fixtures				
Equipment	\$0	\$0	\$500	49900.0%
SUBTOTAL				
OTHER EXPENSES				
Audit & Accounting	\$22,700	\$22,700	\$19,380	-14.6%
Equipment Maintenance	\$200	\$0	\$0	0.0%
Equipment Lease	\$7,324	\$3,000	\$1,800	-40.0%
Education/Training/Conferences	\$2,500	\$2,500	\$2,500	0.0%
Information Services/Telecom*	\$8,100	\$9,948	\$10,159	2.1%
Public Meetings	\$20,000	\$17,000	\$17,000	0.0%
Publications	\$350	\$350	\$350	0.0%
Advertising/Legal Notices	\$300	\$300	\$2,000	566.7%
Members' Reimbursement	\$2,600	\$2,600	\$2,000	-23.1%
Miscellaneous/Payroll Expense				
Temp Help	\$0	\$0	\$0	0.0%
Bank Charges	\$50	\$50	\$50	0.0%
SUBTOTAL	\$64,124	\$58,448	\$55,239	-100.0%
Previous year surplus				
SUBTOTAL	\$599,704	\$595,028	\$599,470	0.7%
Interest Income				
MWRA CONTRIBUTIONS				



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Motions

1. That the Advisory Board recommends that the MWRA authorize and fund Phase 14 of the Inflow/Infiltration Community Assistance Program at the same level and with the same criteria and guidelines as Phase 12 of the Inflow/Infiltration Community Assistance Program.
2. That the Advisory Board recommends that the MWRA designate that the loan-only Phase 13 of the Inflow/Infiltration Community Assistance Program is optional for communities and does not need to be used before accessing funding from future phases of the I/I program.
3. That the Advisory Board recommends that the MWRA extend Phase 2 of the Local Water System Assistance Program two years from FY23 to FY25.



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