


STAFF SUMMARY

TO: Board of Directors
FROM: Frederick A. Laskey, Executive Director
DATE: February 12, 2025
SUBJECT: Preliminary FY26 Water and Sewer Assessments

COMMITTEE: Administration, Finance & Audit

 X INFORMATION
 VOTE

Michael Cole, Budget Director
Leo Norton, Asst. Mgr, Rates, Revenue and Finance
 Preparer/Title


Thomas J. Durkin
 Director of Finance

Consistent with the Proposed FY26 Current Expense Budget (CEB), preliminary FY26 water and sewer assessments are based on a Rate Revenue Requirement of \$881,006,000, a 3.0% increase over the FY25 Rate Revenue Requirement. This includes a 3.9% increase for water assessments, and a 2.4% increase for sewer assessments.

The preliminary FY26 Rate Revenue Requirement will be allocated to MWRA communities based on their respective shares of CY24 MWRA water use, the average of CY22-CY24 wastewater flows, corresponding strength of flows, and population.

RECOMMENDATION:

For information only. This staff summary provides information on preliminary FY26 wholesale water and sewer assessments. Staff plan to transmit preliminary FY26 assessments to MWRA communities on or before Thursday, February 13, 2025.

DISCUSSION:

The Proposed FY26 CEB recommends a Rate Revenue Requirement of \$881,006,000, an increase of 3.0% over the final FY25 requirement.

	Rate Revenue Requirement		Change from FY25	
	FY26 Preliminary	FY25 Approved	\$	Percent
Water	\$323,597,942	\$311,379,328	\$12,218,614	3.9%
Sewer	\$557,408,058	\$544,108,672	\$13,299,386	2.4%
Total	\$881,006,000	\$855,488,000	\$25,518,000	3.0%

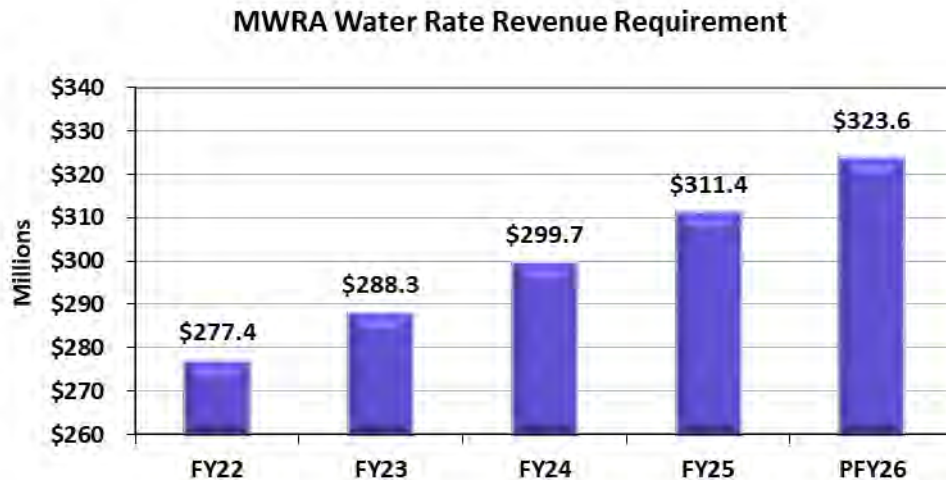
Attachment 1 summarizes preliminary FY26 wholesale water and sewer charges for each MWRA community.

The estimated annual impact of the preliminary FY26 assessment increase on the MWRA portion of the average household bill for water and sewer service in a fully served MWRA community that uses close to the system average of 61,000 gallons of water per year is approximately \$19.

Water Assessments

MWRA calculates water assessments for customer communities by apportioning the water rate revenue requirement according to each community's share of total water use for the most recent calendar year. Preliminary FY26 assessments are based on each community's share of CY24 water use of 64.647 billion gallons, a 3.6% increase compared to CY23 water use of 62.387 billion gallons. Changes in FY26 water assessments for customer communities compared to FY25 assessments will vary considerably, depending on each community's use of water and how that use factors into their share of the water system in CY24 compared to CY23. This is particularly true for communities that receive only part of their water from MWRA.

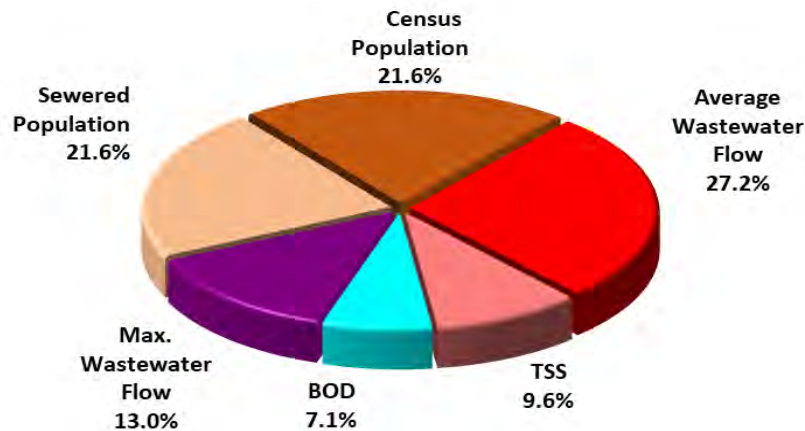
The graph below illustrates the water Rate Revenue Requirement for the past 5 years. The changes from FY25 to PFY26 are primarily the result of increased debt service related to water system rehabilitation and improvements.



Sewer Assessments

MWRA allocates sewer assessments based on each community's share of the following allocation parameters: three-year average of annual wastewater flow, maximum month flow, strength of flow, census population, and sewered population.

On average, approximately 57% of a community's preliminary FY26 sewer assessment is based on each community's share of wastewater flow and strength of flow (total suspended solids or TSS and biochemical oxygen demand or BOD), and approximately 43% is based on population as illustrated in the following graph.

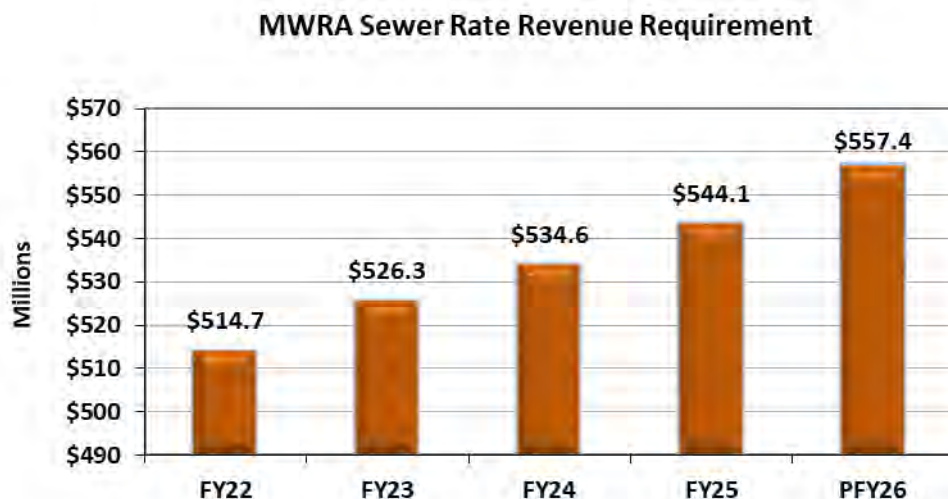


Both the preliminary and final FY26 assessments for population will be calculated using July 2023 community population estimates from the U.S. Census Bureau, as well as the percentage of total population receiving municipal sewer service reported by each MWRA community.

Preliminary FY26 assessments have also been calculated using the average of CY22, CY23 and CY24 wastewater flows. CY22 wastewater flows were estimated during the sewer system meter replacement project, and are based on the average of CY19, CY20, and CY21 flows.

Although preliminary FY26 assessments have been determined using the average of CY22, CY23 and CY24 wastewater flows, ongoing review of meter data may result in revised flows prior to issuing final assessments in June.

The graph below illustrates the sewer Rate Revenue Requirement for the past 5 years. As with the water utility, the annual changes continue to be primarily the result of increased debt service related to sewer system rehabilitation and improvements.



Clinton and Lancaster Sewer Assessments

Proposed FY26 operating and maintenance (O&M) and capital expenses attributable to the Clinton Wastewater Treatment Plant are \$5,727,664, an increase of 4.3% from FY25. This includes a 6.1% increase in operating costs, and a 0.8% increase in capital expenses.

In accordance with the agreement that allows the City of Worcester to take water from the Wachusett watershed, Worcester is charged approximately 7.9% of the direct operating expenses for the Clinton Wastewater Treatment Plant. Proposed FY26 direct operating expenses for the plant total \$3,133,595, resulting in a preliminary FY26 charge of \$247,898 for the City of Worcester. Worcester has been paying this annual charge to MWRA or its predecessors since 1914.

The Town of Clinton and the Lancaster Sewer District are allocated proportional shares of the remaining expenses based on annual metered wastewater flow to the Clinton Plant. Based on proposed FY26 expenses and CY24 wastewater flows, Lancaster's preliminary FY26 charge is \$531,878, an increase of 6.0% from FY25.

The preliminary FY26 charge for the Town of Clinton is \$4,896,828. However, pursuant to Chapter 307, Section 8 of the Acts of 1987, Clinton is only liable for the first \$500,000 of its share of O&M and capital costs.

Attachment 2 details the expenses and corresponding charges for the Clinton Sewer Service Area.

CVA Water Assessments

Based on the Proposed FY26 CIP and CEB for the Chicopee Valley Aqueduct (CVA) water system, the preliminary FY26 system assessment is \$6,044,457, an increase of 3.0% from FY25.

MWRA's CVA water assessment methodology allocates CVA assessments to the three communities served by the CVA system based on their share of prior calendar year water use. Based on CY24 water use, preliminary FY26 assessments are as follows:

- City of Chicopee: \$4,210,045 (+3.0%)
- South Hadley Fire District #1: \$ 887,809 (+17.4%)
- Town of Wilbraham: \$ 946,603 (+10.3%)

As with the metropolitan water system, changes in preliminary FY26 water assessments for each CVA community compared to FY25 assessments vary depending on their water use and how that use factors into their share of the CVA water system in CY24 compared to CY23. Chicopee's share of the CVA water system decrease by 2.8% in CY24, while South Hadley Fire District #1's share increased by 10.8% and Wilbraham's share increased by 4.0%

Attachment 3 details the expenses and corresponding assessments for the CVA Water Service Area.

Wholesale Water Rate

MWRA's wholesale water rate per million gallons is applied to customers purchasing MWRA water on a pay-as-you-go basis (including customers with emergency agreements). The preliminary wholesale water rate for FY26 is \$5,005.64 per million gallons. The proposed FY26 CEB includes revenue of \$158,225 from these customers.

Retail Sewer Rate

MWRA provides direct retail sewer service to Regis College in Weston and the New England Center for Children in Southborough. In accordance with MWRA Policy #OP.11, "Admission of New Community to MWRA Sewer System and Other Requests for Sewer Service to Locations Outside MWRA Sewer Service Area", both entities are charged a modified per million gallon "retail" rate that captures both sanitary and non-sanitary flows. Based on preliminary FY26 sewer assessments, the FY26 retail sewer rate will be \$8,927.96 per million gallons. The Proposed FY26 CEB includes revenue of \$73,777 from these customers.

ATTACHMENTS:

1. Preliminary FY26 Water and Sewer Assessments
2. Clinton Wastewater Treatment Plant Sewer User Charge Determination
3. Chicopee Valley Aqueduct System Assessment

MWRA Fully Served Water and Sewer Customers	Final FY25 Water Assessment	Preliminary FY26 Water Assessment	Percent Change from FY25	Final FY25 Sewer Assessment	Preliminary FY26 Sewer Assessment	Percent Change from FY25	Final FY25 Combined Assessment	Preliminary FY26 Combined Assessment	Dollar Change from FY25	Percent Change from FY25
ARLINGTON	\$5,700,350	\$6,087,599	6.8%	\$9,492,790	\$9,662,664	1.8%	\$15,193,140	\$15,750,263	\$557,123	3.7%
BELMONT	3,259,822	3,608,362	10.7%	5,692,509	5,771,796	1.4%	8,952,331	9,380,158	427,827	4.8%
BOSTON (BWSC)	109,867,908	112,816,245	2.7%	150,037,179	152,698,746	1.8%	259,905,087	265,514,991	5,609,904	2.2%
BROOKLINE	8,373,742	8,986,468	7.3%	13,457,245	13,244,235	-1.6%	21,830,987	22,230,703	399,716	1.8%
CHELSEA	5,851,930	6,200,998	6.0%	9,894,333	10,289,816	4.0%	15,746,263	16,490,814	744,551	4.7%
EVERETT	6,856,064	7,072,297	3.2%	10,362,447	10,642,569	2.7%	17,218,511	17,714,866	496,355	2.9%
FRAMINGHAM	9,692,961	10,197,614	5.2%	14,830,822	15,822,936	6.7%	24,523,783	26,020,550	1,496,767	6.1%
LEXINGTON	8,432,204	8,650,822	2.6%	9,153,352	9,359,196	2.2%	17,585,556	18,010,018	424,462	2.4%
MALDEN	9,497,417	9,243,076	-2.7%	14,576,224	14,640,267	0.4%	24,073,641	23,883,343	(190,298)	-0.8%
MEDFORD	8,041,818	8,387,383	4.3%	14,191,728	13,829,558	-2.6%	22,233,546	22,216,941	(16,605)	-0.1%
MELROSE	3,865,069	3,762,588	-2.7%	6,926,272	6,860,838	-0.9%	10,791,341	10,623,426	(167,915)	-1.6%
MILTON	4,046,121	4,294,618	6.1%	6,786,934	7,311,205	7.7%	10,833,055	11,605,823	772,768	7.1%
NEWTON	15,254,114	15,601,358	2.3%	24,471,190	25,565,828	4.5%	39,725,304	41,167,186	1,441,882	3.6%
NORWOOD	4,735,735	4,842,022	2.2%	9,377,625	9,617,068	2.6%	14,113,360	14,459,090	345,730	2.4%
QUINCY	14,668,740	15,546,511	6.0%	23,271,259	23,578,747	1.3%	37,939,999	39,125,258	1,185,259	3.1%
READING	2,854,927	3,089,421	8.2%	5,198,653	5,106,478	-1.8%	8,053,580	8,195,899	142,319	1.8%
REVERE	6,555,178	6,847,418	4.5%	12,651,589	12,963,103	2.5%	19,206,767	19,810,521	603,754	3.1%
SOMERVILLE	10,694,450	11,051,015	3.3%	17,561,095	18,481,236	5.2%	28,255,545	29,532,251	1,276,706	4.5%
STONEHAM	3,671,848	4,019,561	9.5%	6,085,041	6,154,248	1.1%	9,756,889	10,173,809	416,920	4.3%
WALTHAM	12,987,389	13,409,660	3.3%	15,008,366	15,146,955	0.9%	27,995,755	28,556,615	560,860	2.0%
WATERTOWN	4,583,303	4,688,527	2.3%	7,277,190	7,713,813	6.0%	11,860,493	12,402,340	541,847	4.6%
WINTHROP	2,127,216	2,047,059	-3.8%	4,029,198	4,227,689	4.9%	6,156,414	6,274,748	118,334	1.9%
TOTAL	\$261,618,306	\$270,450,622	3.4%	\$390,333,041	\$398,688,991	2.1%	\$651,951,347	\$669,139,613	\$17,188,266	2.6%

MWRA Full Sewer and Partial Water Customers	Final FY25 Water Assessment	Preliminary FY26 Water Assessment	Percent Change from FY25	Final FY25 Sewer Assessment	Preliminary FY26 Sewer Assessment	Percent Change from FY25	Final FY25 Combined Assessment	Preliminary FY26 Combined Assessment	Dollar Change from FY25	Percent Change from FY25
ASHLAND	\$0	\$0	-	\$2,975,664	\$3,079,415	3.5%	\$2,975,664	\$3,079,415	\$103,751	3.5%
BURLINGTON	2,637,231	2,573,260	-2.4%	6,231,204	6,394,401	2.6%	8,868,435	8,967,661	99,226	1.1%
CANTON	2,745,413	2,690,642	-2.0%	5,157,794	5,346,680	3.7%	7,903,207	8,037,322	134,115	1.7%
NEEDHAM	1,212,985	1,776,283	46.4%	7,445,411	7,792,755	4.7%	8,658,396	9,569,038	910,642	10.5%
STOUGHTON	97,985	95,933	-2.1%	5,752,600	5,922,772	3.0%	5,850,585	6,018,705	168,120	2.9%
WAKEFIELD	3,304,401	3,685,827	11.5%	6,791,838	6,753,118	-0.6%	10,096,239	10,438,945	342,706	3.4%
WELLESLEY	3,262,215	3,710,550	13.7%	7,020,669	7,386,688	5.2%	10,282,884	11,097,238	814,354	7.9%
WILMINGTON	484,407	1,102,504	127.6%	3,341,156	3,400,367	1.8%	3,825,563	4,502,871	677,308	17.7%
WINCHESTER	2,034,253	2,410,018	18.5%	5,385,020	5,777,913	7.3%	7,419,273	8,187,931	768,658	10.4%
WOBURN	5,715,234	5,759,665	0.8%	11,159,078	11,589,297	3.9%	16,874,312	17,348,962	474,650	2.8%
TOTAL	\$21,494,124	\$23,804,682	10.7%	\$1,260,434	\$1,443,406	3.6%	\$82,754,558	\$87,248,088	\$4,493,530	5.4%

MWRA Fully Served Sewer-only Customers	Final FY25 Water Assessment	Preliminary FY26 Water Assessment	Percent Change from FY25	Final FY25 Sewer Assessment	Preliminary FY26 Sewer Assessment	Percent Change from FY25	Final FY25 Combined Assessment	Preliminary FY26 Combined Assessment	Dollar Change from FY25	Percent Change from FY25
BEDFORD				\$3,886,054	\$3,962,475	2.0%	\$3,886,054	\$3,962,475	\$76,421	2.0%
BRAINTREE				10,613,254	10,582,378	-0.3%	10,613,254	10,582,378	(30,876)	-0.3%
CAMBRIDGE				31,407,738	33,069,500	5.3%	31,407,738	33,069,500	1,661,762	5.3%
DEDHAM				6,319,318	6,382,741	1.0%	6,319,318	6,382,741	63,423	1.0%
HINGHAM SEWER DISTRICT				2,165,417	2,113,865	-2.4%	2,165,417	2,113,865	(51,552)	-2.4%
HOLBROOK				2,122,461	2,248,664	5.9%	2,122,461	2,248,664	126,203	5.9%
NATICK				6,648,860	6,992,708	5.2%	6,648,860	6,992,708	343,848	5.2%
RANDOLPH				7,343,719	7,647,968	4.1%	7,343,719	7,647,968	304,249	4.1%
WALPOLE				4,670,240	4,845,594	3.8%	4,670,240	4,845,594	175,354	3.8%
WESTWOOD				3,171,027	3,084,892	-2.7%	3,171,027	3,084,892	(86,135)	-2.7%
WEYMOUTH				14,167,109	14,344,876	1.3%	14,167,109	14,344,876	177,767	1.3%
TOTAL				\$92,515,197	\$95,275,661	3.0%	\$92,515,197	\$95,275,661	\$2,760,464	3.0%

MWRA Fully Served Water-only Customers	Final FY25 Water Assessment	Preliminary FY26 Water Assessment	Percent Change from FY25	Final FY25 Sewer Assessment	Preliminary FY26 Sewer Assessment	Percent Change from FY25	Final FY25 Combined Assessment	Preliminary FY26 Combined Assessment	Dollar Change from FY25	Percent Change from FY25
LYNNFIELD WATER DISTRICT	\$919,790	\$947,614	3.0%				\$919,790	\$947,614	\$27,824	3.0%
MARBLEHEAD	3,043,998	3,195,219	5.0%				3,043,998	3,195,219	151,221	5.0%
MARLBOROUGH	7,379,850	7,280,864	-1.3%				7,379,850	7,280,864	(98,986)	-1.3%
NAHANT	567,027	550,871	-2.8%				567,027	550,871	(16,156)	-2.8%
NORTHBOROUGH	1,550,117	1,607,902	3.7%				1,550,117	1,607,902	57,785	3.7%
SAUGUS	5,363,922	5,357,267	-0.1%				5,363,922	5,357,267	(6,655)	-0.1%
SOUTHBOROUGH	1,086,340	1,234,149	13.6%				1,086,340	1,234,149	147,809	13.6%
SWAMPSCOTT	2,496,307	2,429,832	-2.7%				2,496,307	2,429,832	(66,475)	-2.7%
WESTON	2,462,486	2,935,214	19.2%				2,462,486	2,935,214	472,728	19.2%
TOTAL	\$24,869,837	\$25,538,932	2.7%				\$24,869,837	\$25,538,932	\$669,095	2.7%

MWRA Partial Water-only Customers	Final FY25 Water Assessment	Preliminary FY26 Water Assessment	Percent Change from FY25	Final FY25 Sewer Assessment	Preliminary FY26 Sewer Assessment	Percent Change from FY25	Final FY25 Combined Assessment	Preliminary FY26 Combined Assessment	Dollar Change from FY25	Percent Change from FY25
DEDHAM-WESTWOOD WATER DISTRICT	\$909,823	\$1,734,437	90.6%				\$909,823	\$1,734,437	\$824,614	90.6%
LYNN (LWSC)	163,485	121,220	-25.9%				163,485	121,220	(42,265)	-25.9%
PEABODY	2,323,753	1,948,049	-16.2%				2,323,753	1,948,049	(375,704)	-16.2%
TOTAL	\$3,397,061	\$3,803,706	12.0%				\$3,397,061	\$3,803,706	\$406,645	12.0%
SYSTEMS TOTAL	\$311,379,328	\$323,597,942	3.9%	\$544,108,672	\$557,408,058	2.4%	\$855,488,000	\$881,006,000	\$25,518,000	3.0%

Massachusetts Water Resources Authority
Clinton Wastewater Treatment Plant
Sewer User Charge Determination
Preliminary FY26

BUDGETED EXPENSES:	
Clinton Direct Operating Expenses:	\$3,133,595
MWRA Support Allocation:	646,184
Subtotal O&M Expenses:	\$3,779,779
Total Debt Service Expenses:	\$1,947,885
Total Clinton Service Area Expenses	\$5,727,664
Less Revenue (City of Worcester Payment)	-247,898
Clinton WWTP Rate Revenue Requirement:	\$5,479,766

WASTEWATER FLOW and FLOW SHARES:		CY2024	
	Town of Clinton Flow	Lancaster Sewer District Flow	Total Wastewater Flow
Average Daily Flow (MGD)	2.370	0.282	2.652
Average Flow (MG/YR)	865.071	102.981	968.052
Proportional Share of Flow	89.36%	10.64%	100.0%

Sewer User Charge Determination

TOWN OF CLINTON	
O&M Expenses	\$3,779,779
Less Revenue (City of Worcester Payment)	-247,898
O&M Expenses to be Recovered	\$3,531,880
Clinton's Share of Flow	89.36%
Clinton's Share of O&M Costs	\$3,156,159
Total Clinton O&M Charge	\$3,156,159

LANCASTER SEWER DISTRICT	
O&M Expenses	\$3,779,779
Less Revenue (City of Worcester Payment)	-247,898
O&M Expenses to be Recovered	\$3,531,880
Lancaster's Share of Flow	10.64%
Lancaster's Share of O&M Costs	\$375,721
Total Lancaster Sewer District O&M Charge	\$375,721

Debt Service Costs to be Recovered	\$1,947,885
Clinton's Share of Wastewater Flow	89.36%

Debt Service Costs to be Recovered	\$1,947,885
Lancaster's Share of Wastewater Flow	10.64%

Total Clinton Debt Service Charge	\$1,740,669
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Total Lancaster Sewer District Debt Service Charge	\$207,216
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Total Clinton O&M and Debt Service Charge	\$4,896,828
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Total Lancaster O&M and Debt Service Charge	\$582,937
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Less MWRA Water Ratepayer Subsidy	-\$4,396,828
Billable Charge to the Town of Clinton as per CH. 307, Section 8 The Acts of 1987	\$500,000

Billable Charge to Lancaster Sewer District	\$582,937
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Clinton WWTP Charges and Payment Schedule

Sewer Customer	Billable Charges	Change from Prior Year	
Town of Clinton (billable)	\$500,000	\$0	0.0%
Lancaster Sewer District (before adj.)	\$582,937		
Lancaster Sewer District (prior yr. adj.)	-\$51,059		
Lancaster Sewer District (billable)	\$531,878	\$29,942	6.0%
Total Billable Sewer Use Charges	\$1,031,878		
City of Worcester	\$247,898	\$14,872	6.4%

Payment 1 on or before Sept 15, 2025	Payment 2 on or before Nov 15, 2025	Payment 3 on or before Feb 15, 2026	Payment 4 on or before May 15, 2026
\$125,000	\$125,000	\$125,000	\$125,000
\$132,970	\$132,970	\$132,970	\$132,970
\$257,970	\$257,970	\$257,970	\$257,970
\$0	\$0	\$247,898	\$0

Massachusetts Water Resources Authority

Chicopee Valley Aqueduct Water System Assessment

Preliminary FY2026 Budget and Assessments

CVA Operating Budget	FY25	PFY26	Change from Prior Year	
			Dollars	Percent
CVA Cost Center Expenses	\$1,106,821	\$1,150,560	\$43,738	4.0%
Allocated Waterworks Expenses	141,904	154,197	12,293	8.7%
Allocated Watershed/PILOT	494,160	552,813	58,653	11.9%
Allocated Watershed Land Acquisition	27,561	28,962	1,401	5.1%
Allocated MWRA Indirect Expenses	682,305	764,145	81,840	12.0%
SUBTOTAL OPERATING BUDGET	\$2,452,753	\$2,650,677	\$197,925	8.1%

CVA Capital Budget	FY25	PFY26	Change from Prior Year	
			Dollars	Percent
Capital Expenses	\$3,393,987	\$3,502,351	\$108,364	3.2%
TOTAL CVA BUDGET	\$5,846,740	\$6,153,029	\$306,289	5.2%

BASE COMMUNITY ASSESSMENT	FY25 ¹	FY26 ²	Change from Prior Year	
			Dollars	Percent
Chicopee	\$4,188,894	\$4,282,749	\$93,855	2.2%
South Hadley Fire District #1	777,399	906,510	129,110	16.6%
Wilbraham	880,446	963,770	83,324	9.5%
CVA BASE SYSTEM ASSESSMENT	\$5,846,740	\$6,153,029	\$306,289	5.2%

PRIOR PERIOD ADJUSTMENTS ³	FY24	FY25	Change from Prior Year	
			Dollars	Percent
Chicopee	-\$100,261	-\$72,704	\$27,557	-27.5%
South Hadley Fire District #1	-21,429	-18,700	2,729	-12.7%
Wilbraham	-22,516	-17,168	5,348	-23.8%
TOTAL ADJUSTMENTS	-\$144,207	-\$108,572	\$35,635	-24.7%

ADJUSTED ASSESSMENT	FY25	PFY26	Change from Prior Year	
			Dollars	Percent
Chicopee	\$4,088,633	\$4,210,045	\$121,412	3.0%
South Hadley Fire District #1	755,970	887,809	131,839	17.4%
Wilbraham	857,930	946,603	88,672	10.3%
ADJUSTED ASSESSMENT	\$5,702,533	\$6,044,457	\$341,924	6.00%

¹ Based on CY2023 water use and before prior period adjustments.

² Based on CY2024 water use and before prior period adjustments.

³ Prior period adjustment to account for budget to actual expenses.