

PFY22 Budget Review Status



Budget Process Timeline



CIP transmitted
to AB for review

MWRA AB
Budget Hearing

Final FY22 BOD
Budget Vote

January 2021

February 2021

March 2021

April 2021

May 2021

June 2021

CEB transmitted
to AB for review

Advisory Board
C&R Vote

MWRA BOD
Budget Hearing

Proposed Budget Summary




	FY21 Approved	FY22 Proposed	% Change
Direct Expenses	252,201,383	259,991,541	3.10%
Indirect Expenses	57,269,467	56,732,561	-0.90%
Debt Service	481,885,588	501,636,383	4.10%
Total Expenses	791,356,437	818,360,485	3.40%
Rate Revenue	769,385,000	796,891,000	3.59%

Proposed Budget Summary



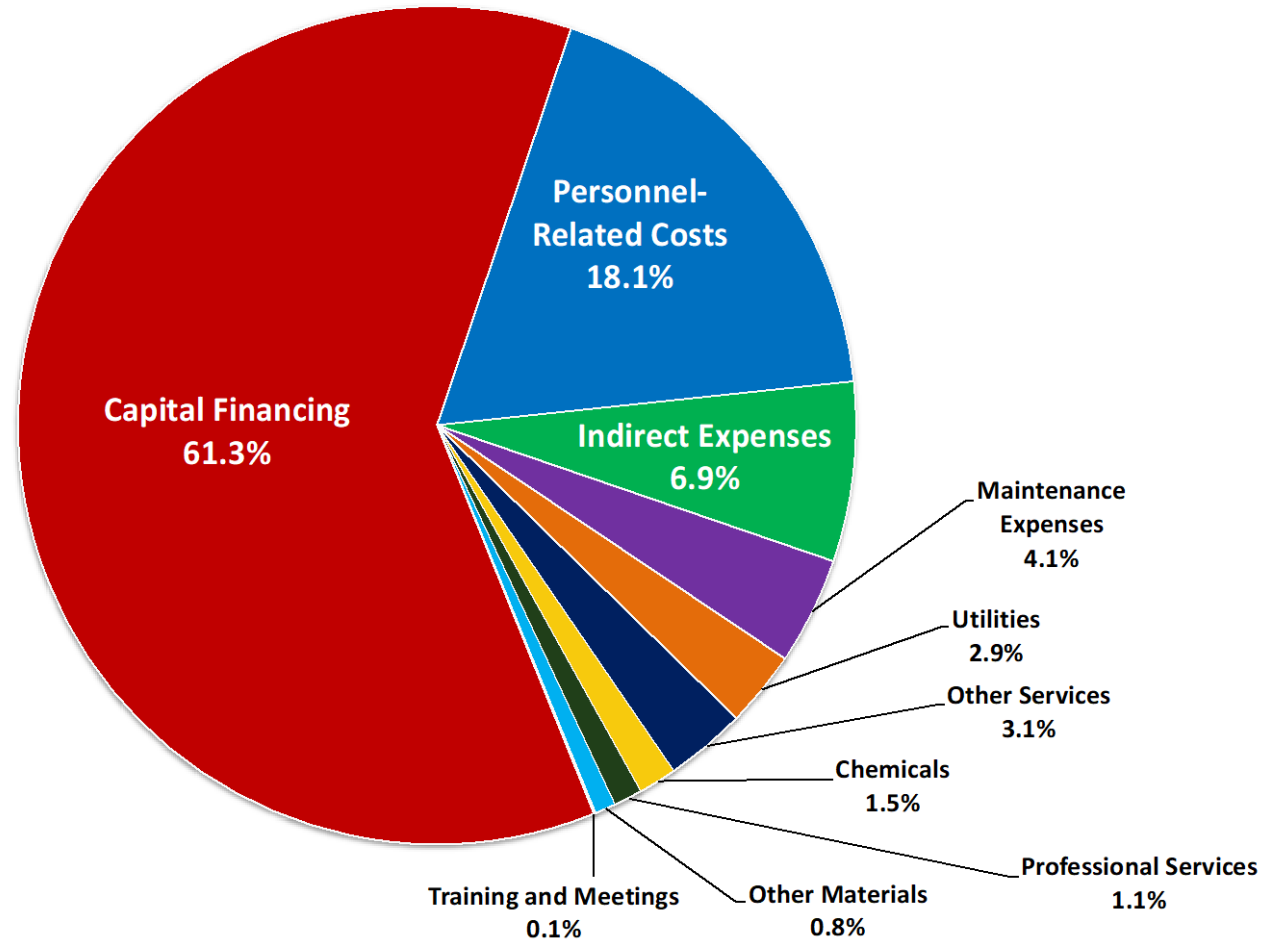
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Water 3.9%
Sewer 3.4%

Proposed Budget Summary



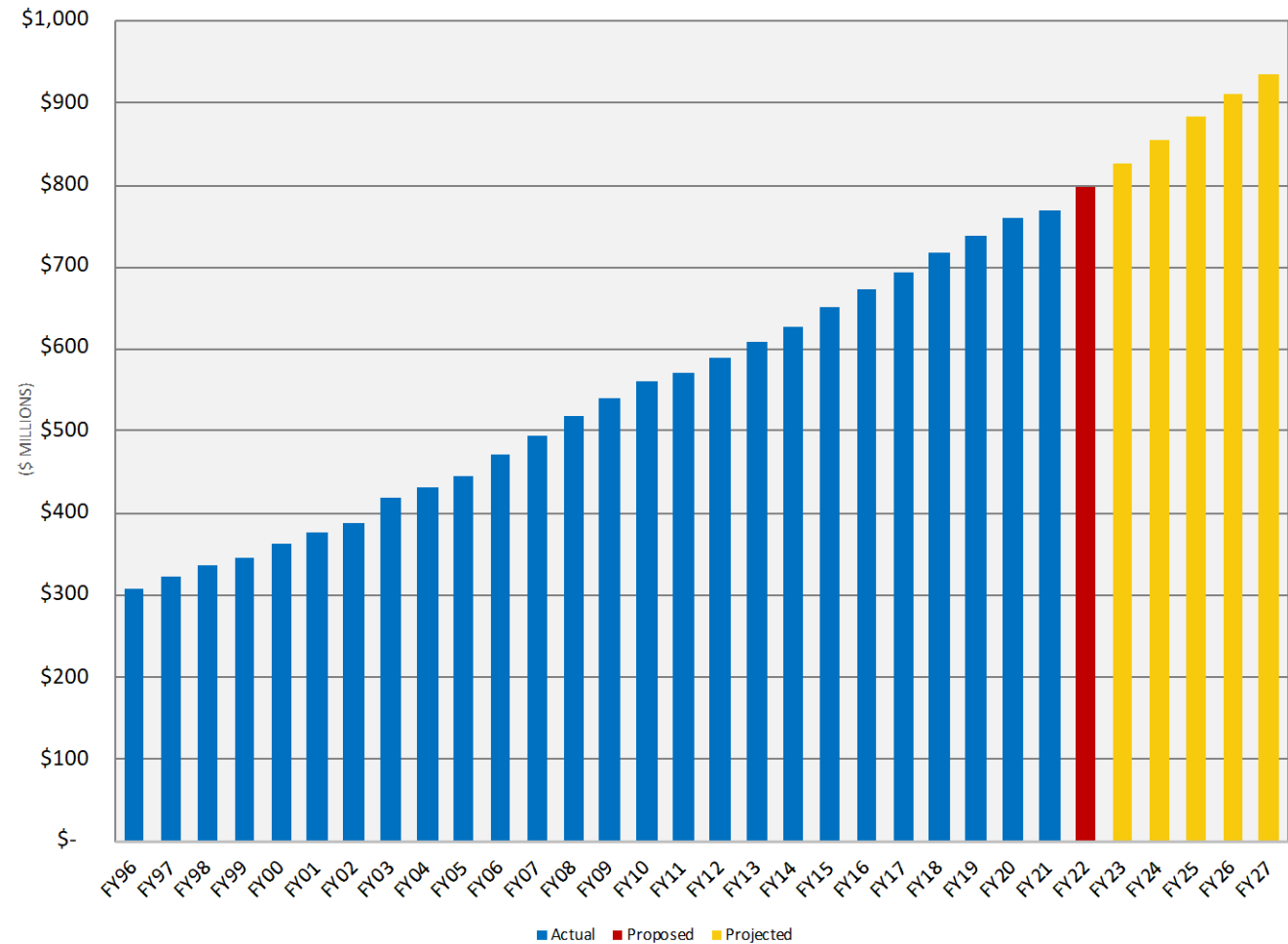
Proposed FY22 CEB Major Categories of Spending	
\$ millions	
Capital Financing	\$501.6
Personnel-Related Costs	148.5
Indirect Expenses	56.7
Maintenance Expenses	33.9
Utilities	23.9
Other Services	25.5
Chemicals	12.1
Professional Services	9.0
Other Materials	6.6
Training and Meetings	0.5
TOTAL EXPENSES	\$818.4
REVENUE	\$818.4



Historical Budget Process



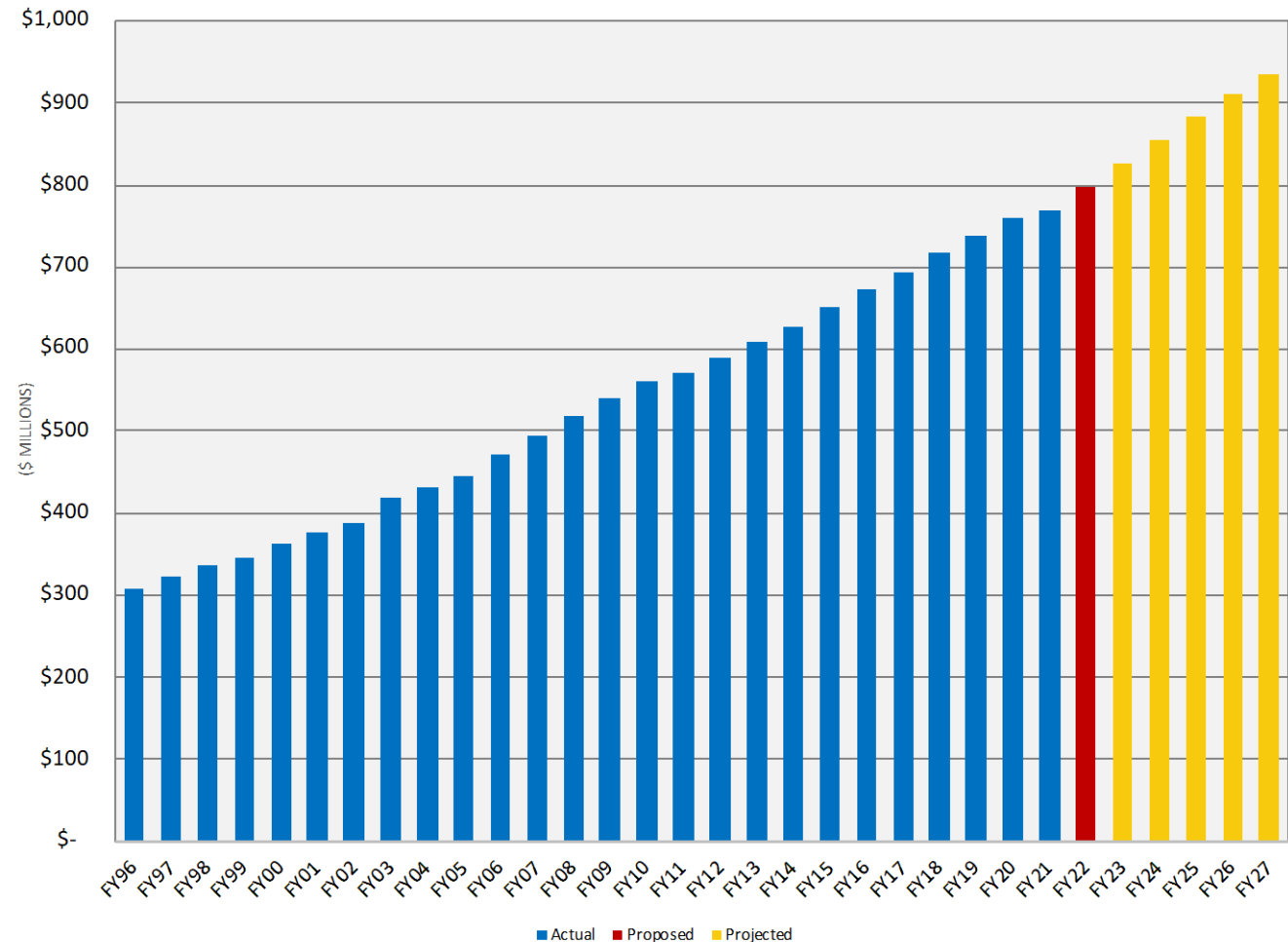
Year	Proposed	Approved
FY18	3.79%	3.19%
FY19	3.91%	3.07%
FY20	3.74%	3.07%
FY21	3.62%	1.00%
FY22	3.59%	



Historical Budget Process



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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%



Standard Review Process

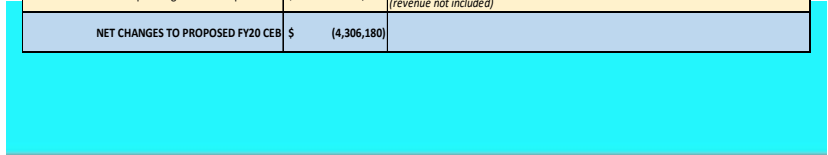


- MWRA vacancy rate
- Fluctuations in market pricing
- Benefits analysis
- Efforts to seek federal and state reimbursements for pandemic related costs
- Continuation of loan deferral program

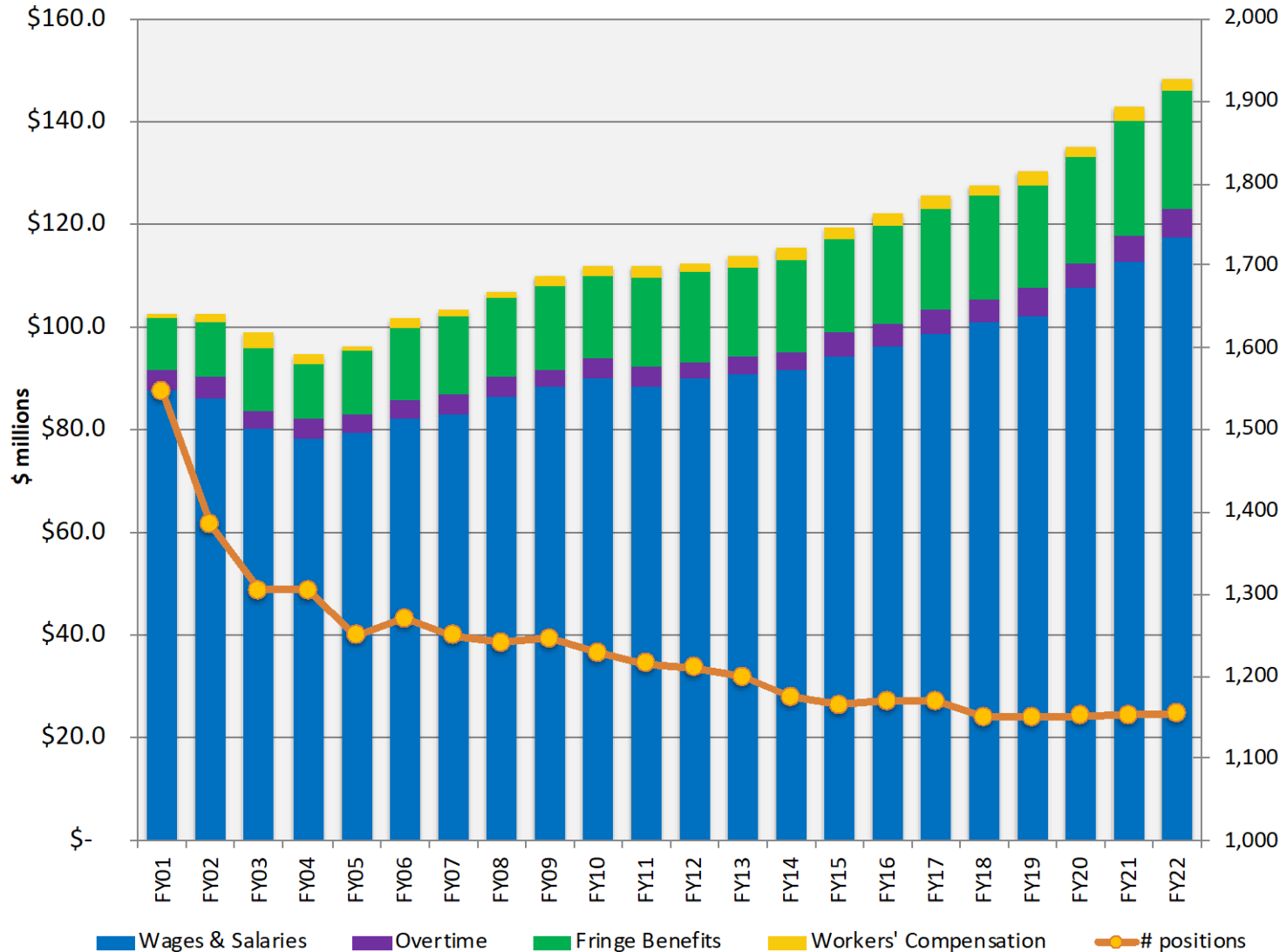


IMPACTS ON RATE REVENUE REQUIREMENT	Amount
Final FY2019 RRR	\$ 739,042,200
Proposed FY2020 RRR	\$ 766,657,500
MWRA Proposed FY20 RRR Increase	3.74%
AB Recommendations	\$ (4,306,180)
FY2020 RRR, less changes	\$ 762,351,321
Advisory Board Recommended FY20 RRR Increase	3.15%

IMPACTS ON EXPENDITURES	Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY20 CEB		
Staffing (vacancy rate assumptions)	\$ (950,000)	9.5 FTE, includes 2 less FTE than budgeted for Tunnel Redundancy
Leave Balance Accrual	\$ (250,000)	Reserve balance higher than necessary in FY19, impacts FY20
Fringe Benefits (Health Care Premiums)	\$ (450,000)	GIC rates lower than budgeted
Variable Rate Debt	\$ (1,000,000)	25 bp = \$1M (3.75% proposed; 3.50% now assumed)
Net of Defeasance, Refunding & Optional Debt	\$ (1,250,000)	Various tools for Authority to impact debt service in FY20
Debt Service Assistance	\$ (890,235)	Continuing Advisory Board recommendation to "pay it forward"
Indirect Costs - Watershed Staffing	\$ (500,000)	Based conservatively on actual FTE vacancies at DCR
Subtotal AB Recommendations	\$ (5,290,235)	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY20 CEB		
Direct & Indirect Cost Changes		
Wages & Salaries	\$ 11,488	Stand By Pay at Clinton added in FY20
Advisory Board	\$ (10,000)	Advisory Board budget adjusted down due to staffing changes
Other Services	\$ 757,985	Residuals: sludge quantities increased from 100.89 tpd to 107.41 tpd
Other Materials	\$ (319,461)	Mainly due to fewer vehicle purchases based on need
Professional Services	\$ (29,238)	Adjustment to lab and testing as HVAC project was delayed
Fringe Benefits (PFML)	\$ 722,020	Paid Family Medical & Leave - projected costs of new program
Chemicals	\$ (276,308)	-\$124k usage Activated Carbon; -\$135k adjusted pricing Sodium Hypochlorite
Energy & Utilities	\$ 256,677	+\$364k for Electricity contract pricing; -\$110k for diesel fuel price reduction
Maintenance	\$ (57,838)	Mainly due to changing priorities at DITP
Subtotal of Changes to Operating Costs	\$ 1,055,325	
Revenue & Income		
Power Sales - Hydro and Solar	\$ (154,450)	
Load Reduction & Forward Capacity	\$ (15,932)	
Short Term Investment Income	\$ -	Authority took AB recommendation to increase ST assumption
Subtotal of Rate & Revenue	\$ (170,382)	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	\$ 99,113	Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)
NET CHANGES TO PROPOSED FY20 CEB	\$ (4,306,180)	



Standard Review Process



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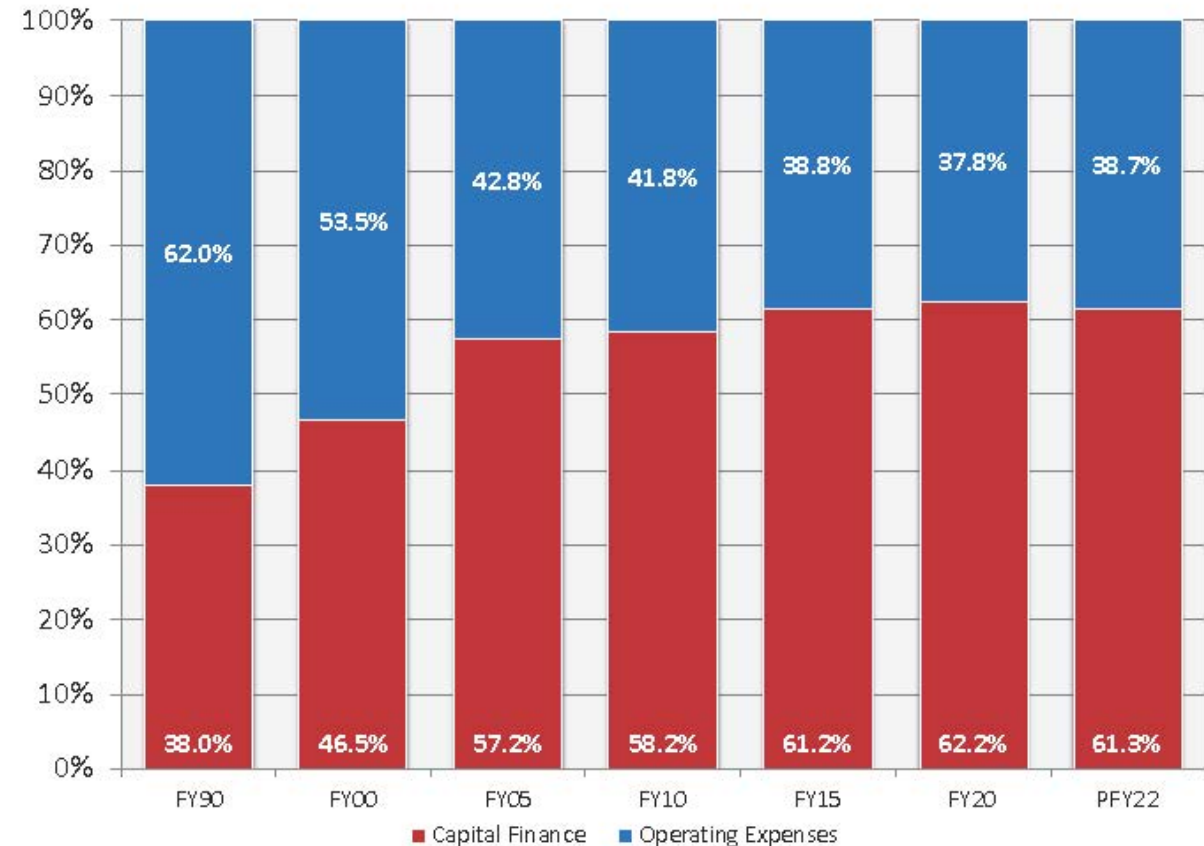
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Targeted Defeasance



- Continuation of Advisory Board’s “Pay it Forward” recommendation
- Targeted defeasance towards FY23 and FY24



Debt Service Assistance



- \$1,287,870 in antedated DSA
- 86% of the state-wide appropriation

Spring Revisits



- Utilities
- Chemicals
- Staffing
- AB Operating Budget

Watershed



Watershed Reimbursement

Categories	FY21 Budget	FY22 Proposed Draft	Δ (\$s)	Δ (%)
Operating Expenses	\$17,922,138	\$18,687,611	\$765,473	4.3%
Debt Service	0	0	\$0	-
Payment in Lieu of Taxes (PILOT)	8,500,000	8,579,759	79,759	0.9%
SUBTOTAL (Expenses)	\$26,422,138	\$27,267,370	\$845,232	3.2%
Revenue	1,210,000	1,020,000	-190,000	-15.7%
TOTAL (Revenue Deducted)	\$25,212,138	\$26,247,370	\$1,035,232	4.1%

Watershed



Object_Name	FY2020 Actuals	FY2020 Final Budget	FY2021 Final	FY2022 Draft	Prop FY22 vs FY21 Budget	%
Salaries:Inclusive	9,434,697	10,486,239	10,853,257	11,233,121	379,864	3.5%
Stand-By Pay	9,015				-	
Shift Differential Pay	9,705	23,000	25,000	20,000	(5,000)	-20.0%
Overtime Pay	254,100	265,000	275,000	270,000	(5,000)	-1.8%
Holiday Pay	37,873	35,000	40,000	40,000	-	0.0%
Employment Related Settlements and Judgements	-				-	
Sick-Leave Buy Back	57,416	35,000	35,000	50,000	15,000	42.9%
Vacation-In-Lieu	56,554	50,000	55,000	50,000	(5,000)	-9.1%
Stipends, Bonus Pay and Awards	-	20,000	1,000		(1,000)	-100.0%
Out of Title Pay	17,335	10,000	20,000	15,000	(5,000)	-25.0%
	9,876,695	10,924,239	11,304,257	11,678,121	373,864	3.3%

- Reassessing the Watershed vacancy rate

Future Year Impacts



Proposed FY22 Budget
with no adjustments

	FY21	PFY22	FY23	FY24
	1.0%	3.58%	3.59%	3.49%

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with 2.95% RRR**
(assumes adjusted annual
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Original 2.4 by '24



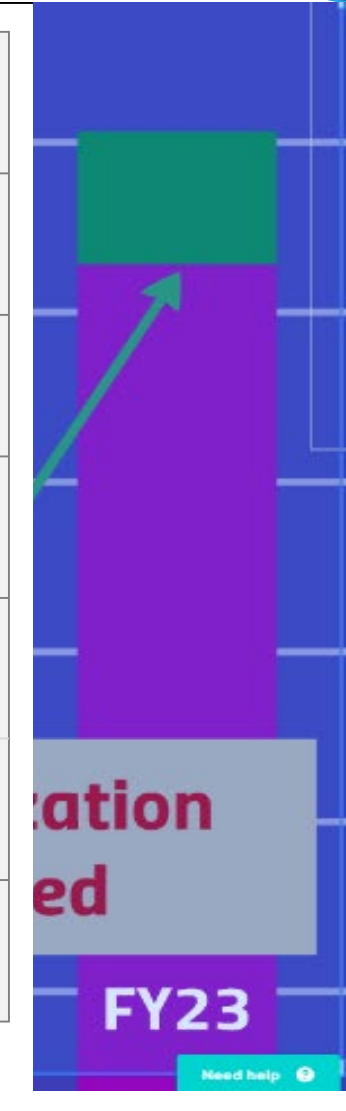
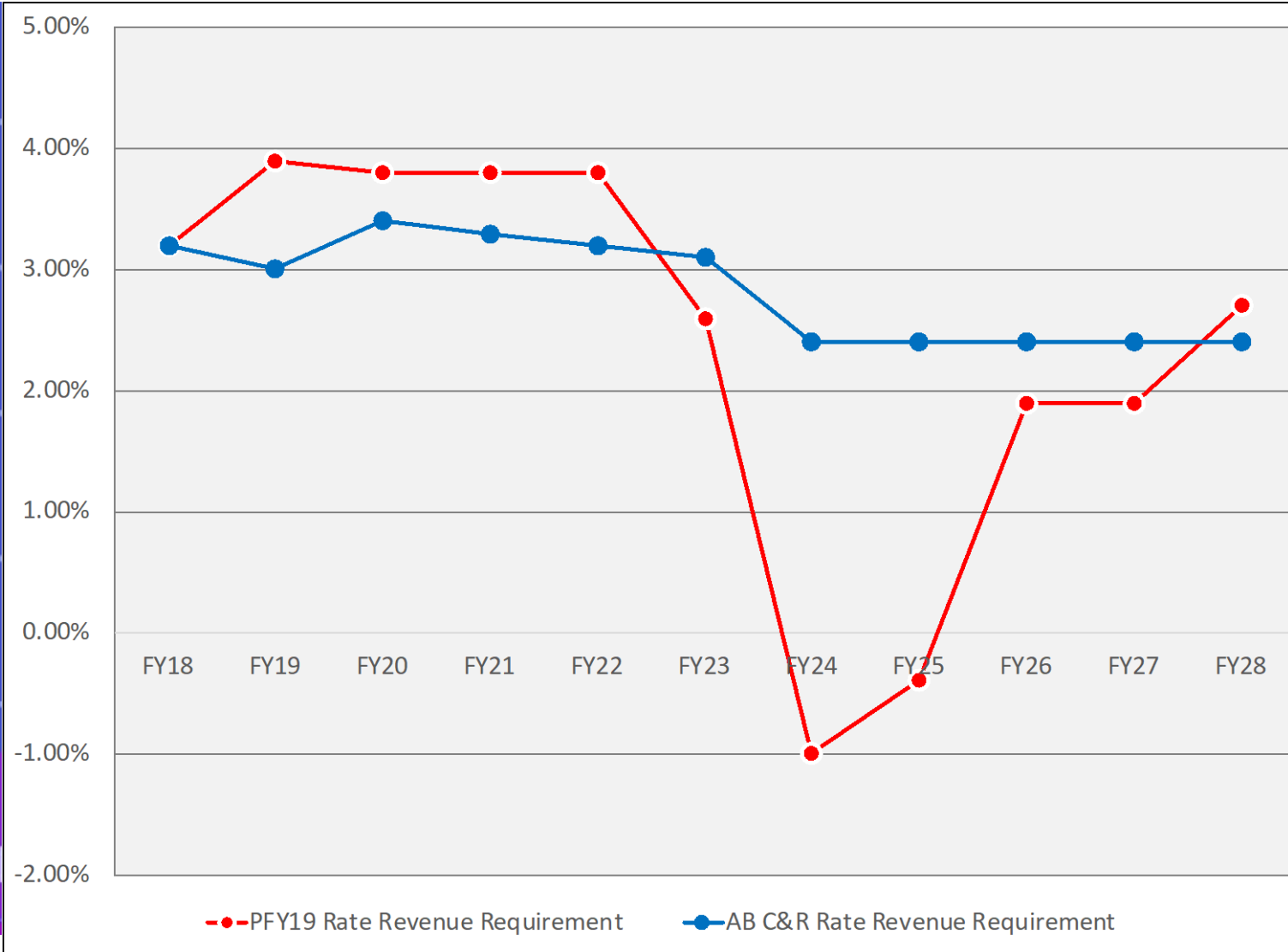
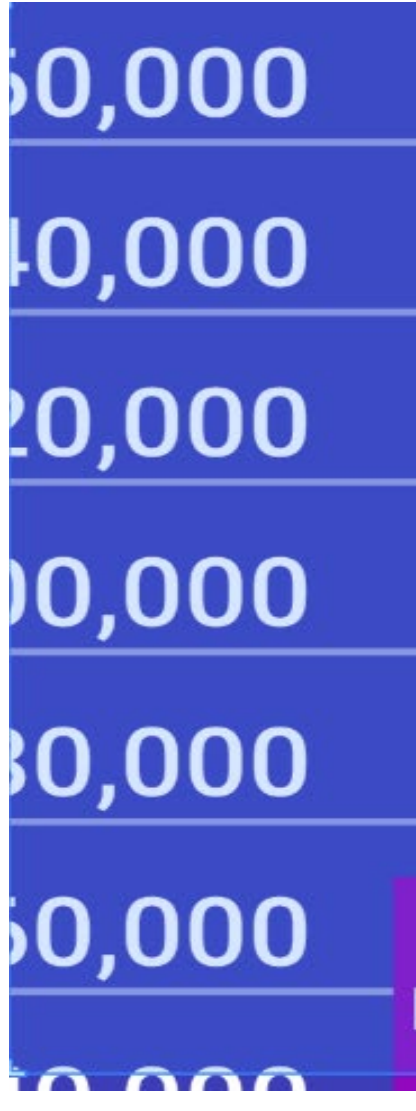
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