



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

MWRA Lead Copper Forum

May 19, 2022



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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%	2.85%



Water 3.93%
Sewer 3.14%



Dunphy Sheet by Utility

2.85% Combined

The Dunphy Sheet - FY2023

IMPACTS ON RATE REVENUE REQUIREMENT		Amount
Final FY2022 RRR	\$	792,084,000
Proposed FY2023 RRR	\$	819,138,000
MWRA Proposed FY23 RRR Increase		3.42%
AB Recommendations	\$	(4,529,377)
FY2023 RRR, less changes	\$	814,608,623
Advisory Board Recommended FY23 RRR Increase		2.84%

Executive Committee: _____

Advisory Board Vote for: _____

IMPACTS ON EXPENDITURES	Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY23 CEB		
water	\$ (1,600,000)	\$ (2,650,000)
sewer	\$ (2,600,000)	\$ (1,182,494)
Debt Service Assistance	\$ (1,182,494)	
Subtotal AB Recommendations	\$ (5,382,494)	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY23 CEB		
Direct & Indirect Cost Changes		
Water Spring Revisits	\$ 2,334,730	
Sewer Spring Revisits	\$ 2,940,675	
Subtotal of Changes to Operating Costs	\$ 5,275,405	
Revenue & Income		
Water Spring Revisits	\$ (1,668,377)	
Sewer Spring Revisits	\$ (2,779,791)	
Subtotal of Rate & Revenue	\$ (4,448,168)	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	\$ 25,880	
NET CHANGES TO PROPOSED FY23 CEB	\$ (4,529,377)	



Dunphy Sheet by Utility

3.58% Water

2.85% Combined

2.45% Sewer

The Dunphy Sheet Water - FY2023

IMPACTS ON RATE REVENUE REQUIREMENT	Amount
Final FY2022 Water RRR	\$ 277,415,000
Proposed FY2023 Water RRR	\$ 288,304,864
MWRA Proposed FY20 RRR Increase	3.93%
AB Recommendations	\$ (1,121,236)
FY2023 RRR, less changes	\$ 287,183,628
Advisory Board Recommended FY23 RRR Increase	3.52%

Executive Committee APPROVED:
Advisory Board Vote for:

IMPACTS ON EXPENDITURES	Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY23 CEB		
Staffing (vacancy rate assumptions)	\$ (1,100,000)	Note: Approx \$-2,700,000 after spring revisits to get to 3.15 (with no op reserve)
cap finance assumption	\$ (500,000)	
Debt Service Assistance	\$ (105,309)	
Subtotal AB Recommendations	\$ (1,705,309)	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY23 CEB		
Direct & Indirect Cost Changes		
Wages & Salaries	\$ 129,231	
Fringe Benefits	\$ (121,568)	
Chemicals	\$ 110,233	
Energy & Utilities	\$ 1,431,520	
Maintenance	\$ 164,313	
Professional Services	\$ (33,733)	
Other Materials	\$ 27,868	
Other Services	\$ 84,841	
Watershed/Pilot	\$ 866,964	
Additions to Reserves	\$ 300,975	
Defeasance Impact	\$ (625,914)	
Subtotal of Changes to Operating Costs	\$ 2,334,730	
Revenue & Income		
Investment Income	\$ (1,668,377)	
Subtotal of Rate & Revenue	\$ (1,668,377)	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	\$ (82,280)	op res formula is =(F16+F17+F18+F36)*(1/6)Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)
NET CHANGES TO PROPOSED FY23 CEB	\$ (1,121,236)	

The Dunphy Sheet Sewer - FY2023

IMPACTS ON RATE REVENUE REQUIREMENT	Amount
Final FY2022 Sewer RRR	\$ 514,669,000
Proposed FY2023 Sewer RRR	\$ 530,833,136
MWRA Proposed FY20 RRR Increase	3.14%
AB Recommendations	\$ (3,408,141)
FY2023 RRR, less changes	\$ 527,424,995
Advisory Board Recommended FY23 RRR Increase	2.48%

Executive Committee APPROVED:
Advisory Board Vote for:

IMPACTS ON EXPENDITURES	Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY23 CEB		
Staffing (vacancy rate assumptions)	\$ (1,600,000)	
cap finance assumption	\$ (1,000,000)	
Debt Service Assistance	\$ (1,077,185)	
Subtotal AB Recommendations	\$ (3,677,185)	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY23 CEB		
Direct & Indirect Cost Changes		
Wages & Salaries	\$ (330,033)	
Fringe Benefits	\$ (204,166)	
Chemicals	\$ 295,480	
Energy & Utilities	\$ 2,538,233	
Maintenance	\$ 346,023	
Professional Services	\$ (23,407)	
Other Materials	\$ (1,903)	
Other Services	\$ 166,474	
Additions to Reserves	\$ 462,260	
Defeasance Impact	\$ (308,286)	
Subtotal of Changes to Operating Costs	\$ 2,940,675	
Revenue & Income		
Investment Income	\$ (2,779,791)	
Subtotal of Rate & Revenue	\$ (2,779,791)	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	\$ 108,160	Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)
NET CHANGES TO PROPOSED FY23 CEB	\$ (3,408,141)	



Areas of Interest

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



Spring Revisits

Water

Direct & Indirect Cost Changes

Wages & Salaries	\$	129,231
Fringe Benefits	\$	(121,568)
Chemicals	\$	110,233
Energy & Utilities	\$	1,431,520
Maintenance	\$	164,313
Professional Services	\$	(33,733)
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Revenue & Income

Investment Income	\$	(1,668,377)
Subtotal of Rate & Revenue	\$	(1,668,377)

Sewer

Direct & Indirect Cost Changes

Wages & Salaries	\$	(330,033)
Fringe Benefits	\$	(204,166)
Chemicals	\$	295,480
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Revenue & Income

Investment Income	\$	(2,779,791)
Subtotal of Rate & Revenue	\$	(2,779,791)



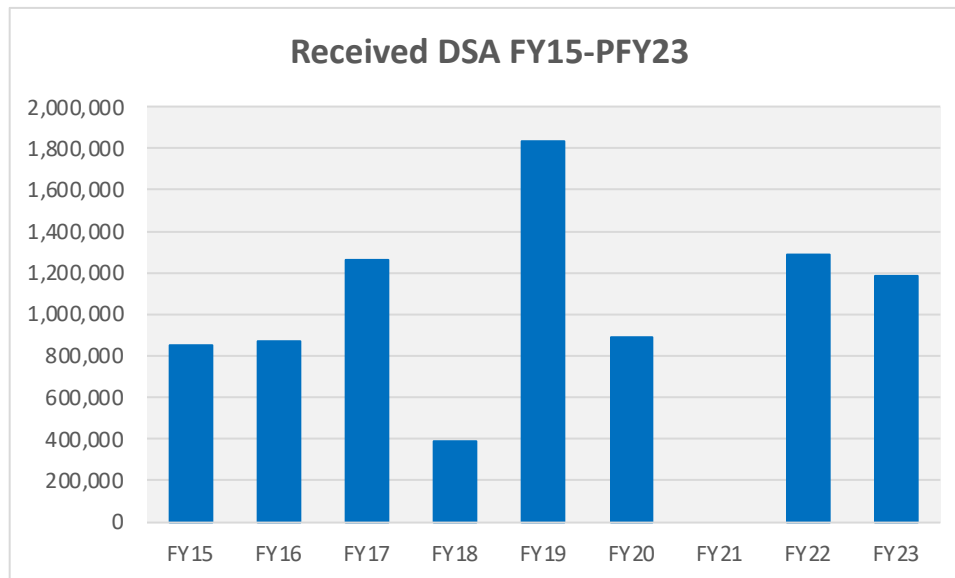
Spring Revisits

Budget	Water	Sewer
Original PFY23	3.93%	3.14%
Spring Revisits	4.17%	2.98%



Debt Service Assistance

- \$1,182,494 in DSA





Debt Service Assistance

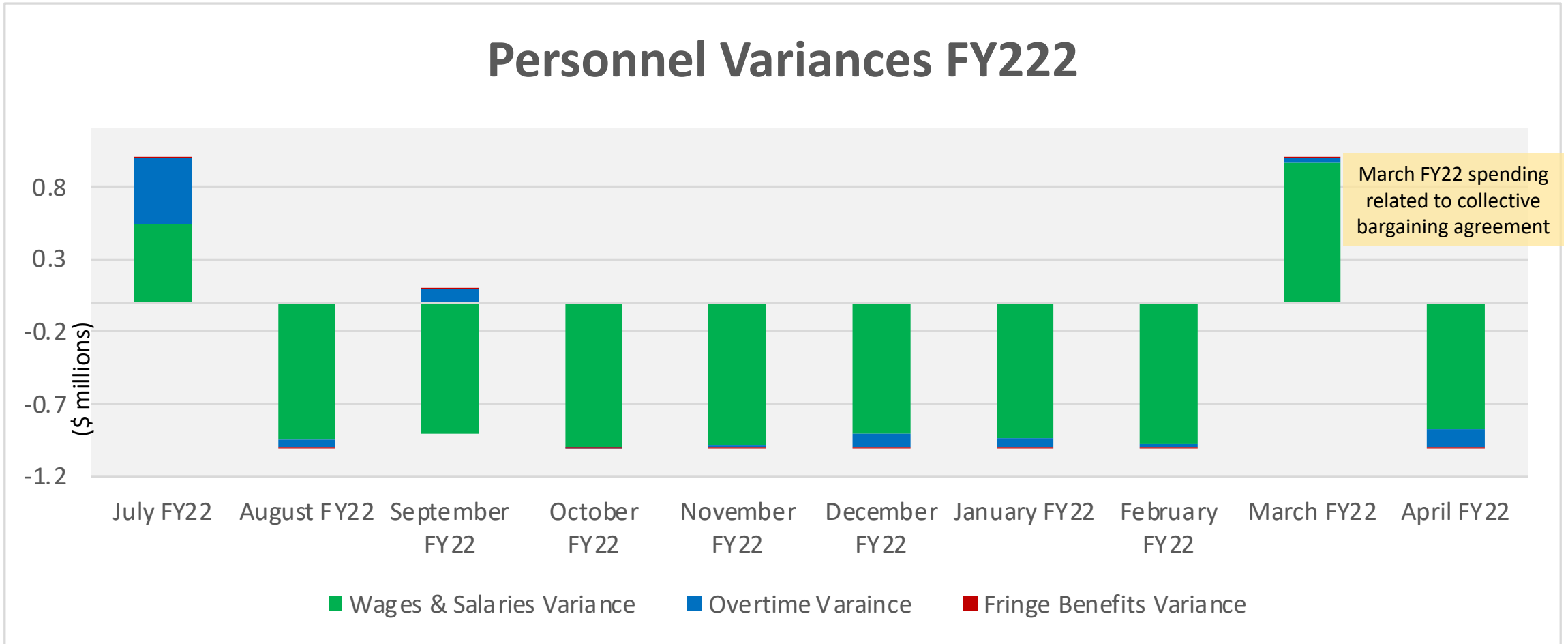
PFY23 Comments & Recommendations

*Continuation of the Advisory Board's "Pay it Forward" Principle, applying FY22 Debt Service Assistance towards FY23 Budget.
Water: \$-105,309 Sewer: \$-1,077,185*



Personnel

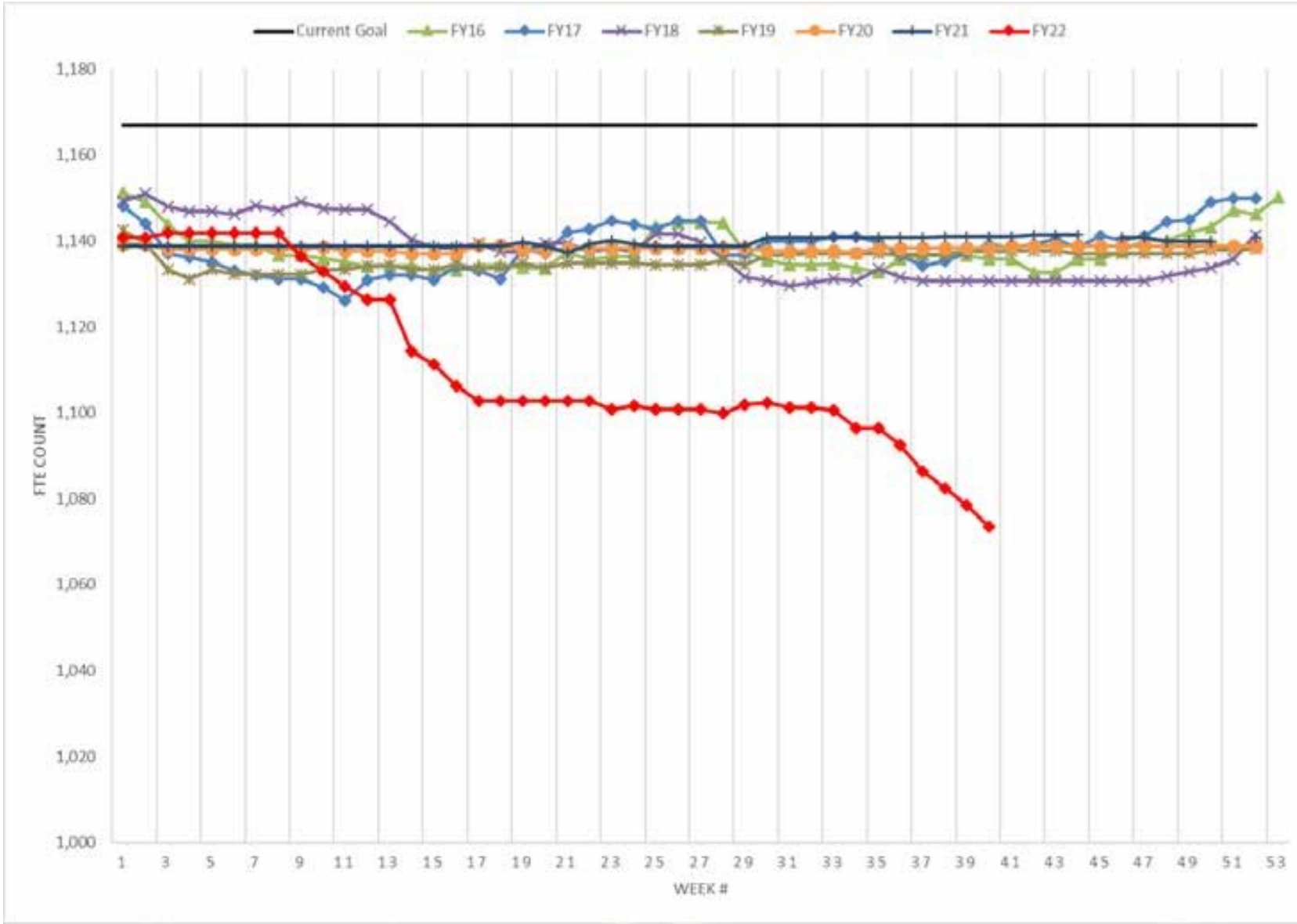
Personnel Variances FY22



\$8.6 million wages & salaries underspending (March 22)



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

PFY23 Comments & Recommendations

Consultation via a compensation and staffing study to review the new MWRA staffing trends to retain current personnel and hire new personnel from pandemic into endemic.

For FY23, the Advisory Board also recommends adjusting the proposed vacancy rate of 21 FTE to 27 FTE for a total Personnel expense reduction of \$2,700,000.

Water: \$-1,100,000 Sewer: \$-1,600,000

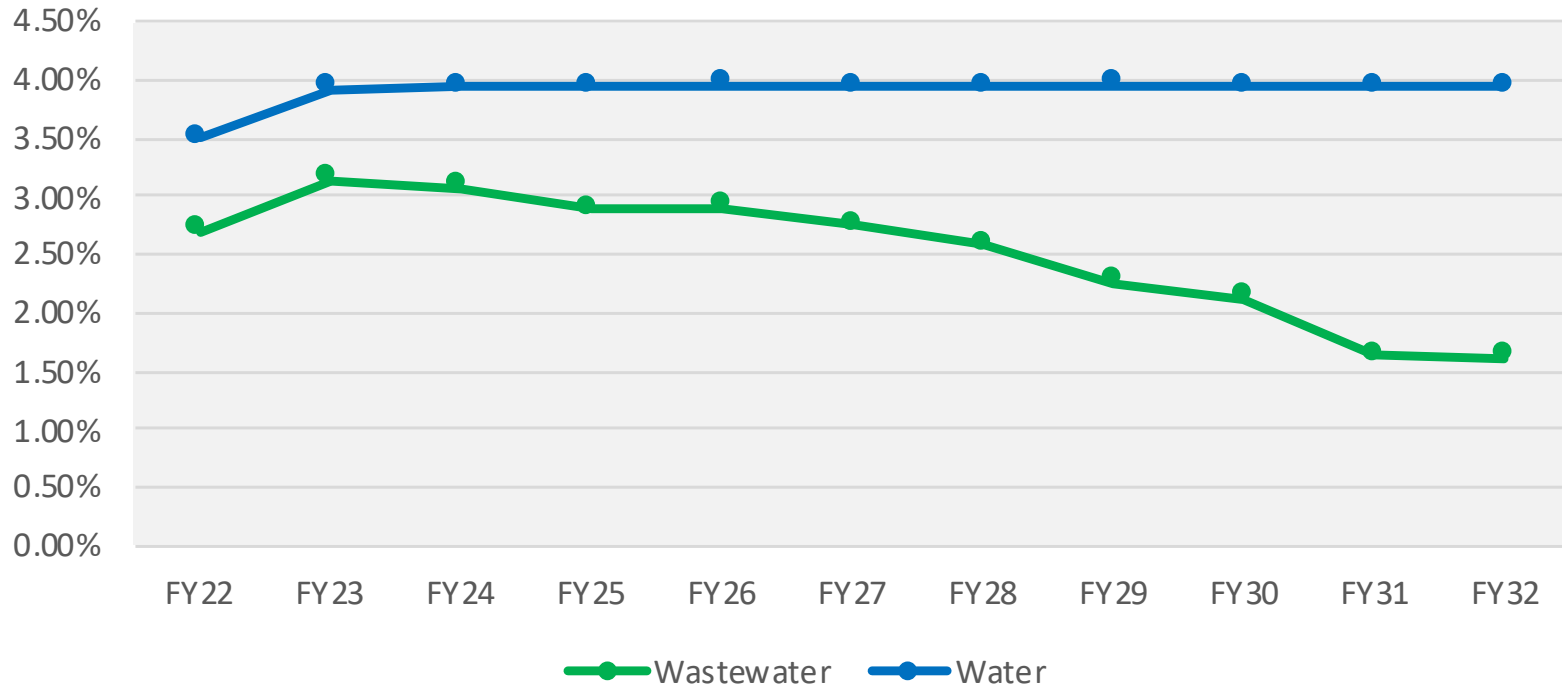


Rate Stabilization

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

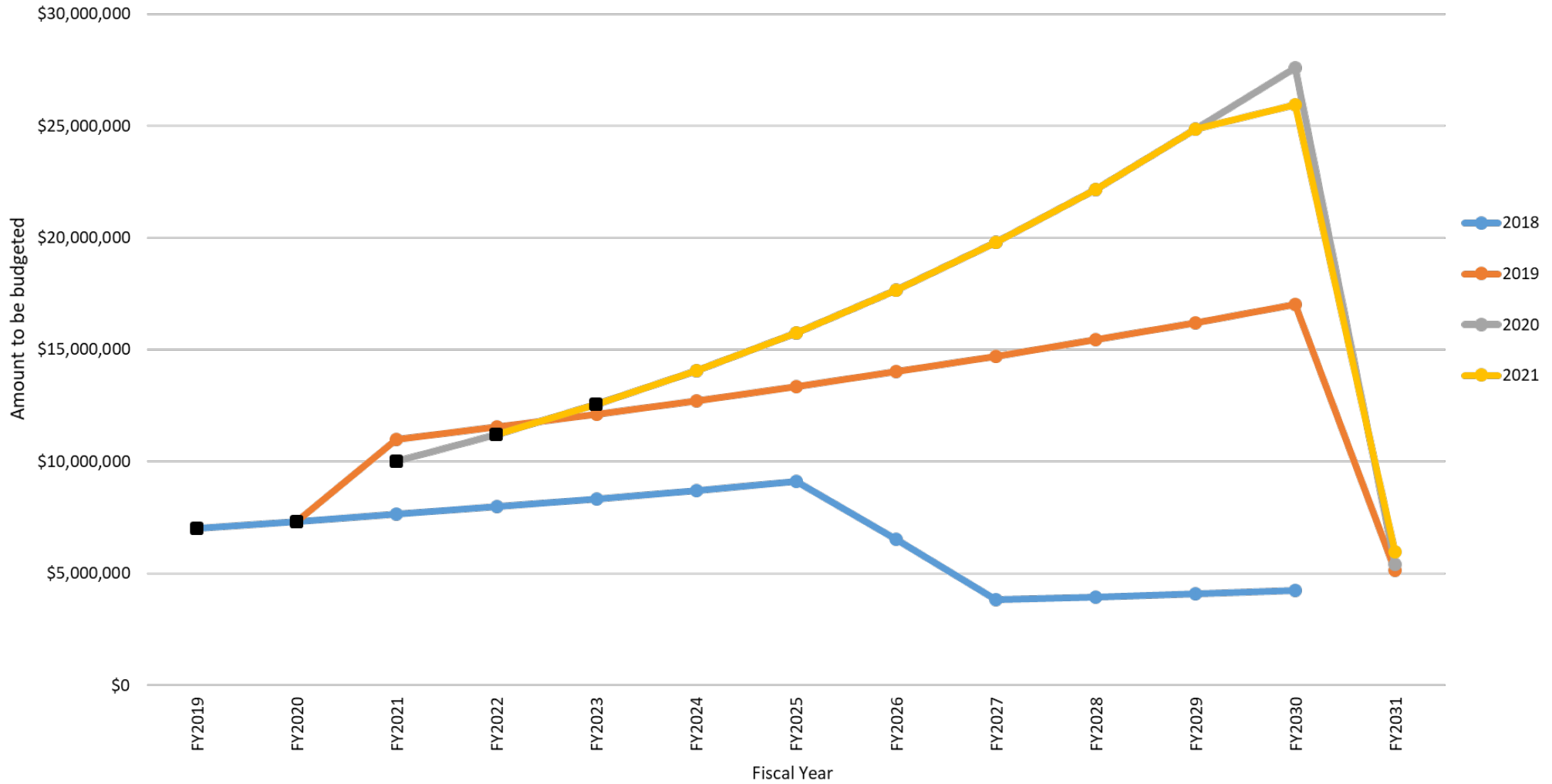


	Water	Sewer
Rate Stabilization	\$34.5 million	\$5.7 million
Bond Redemption	\$20.3 million	\$5.7 million



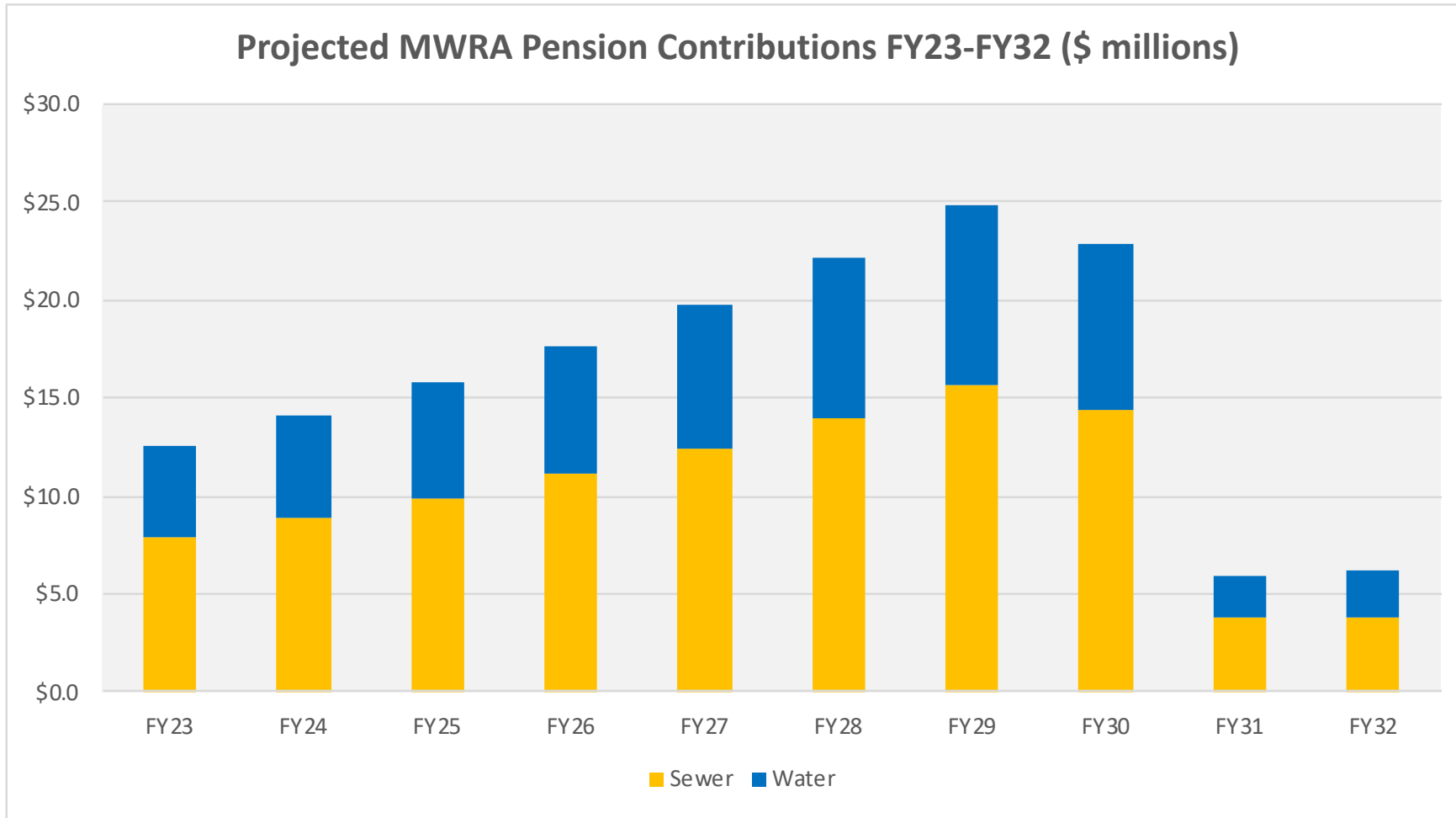
Pension

Retirement System Funding Schedules





Pension

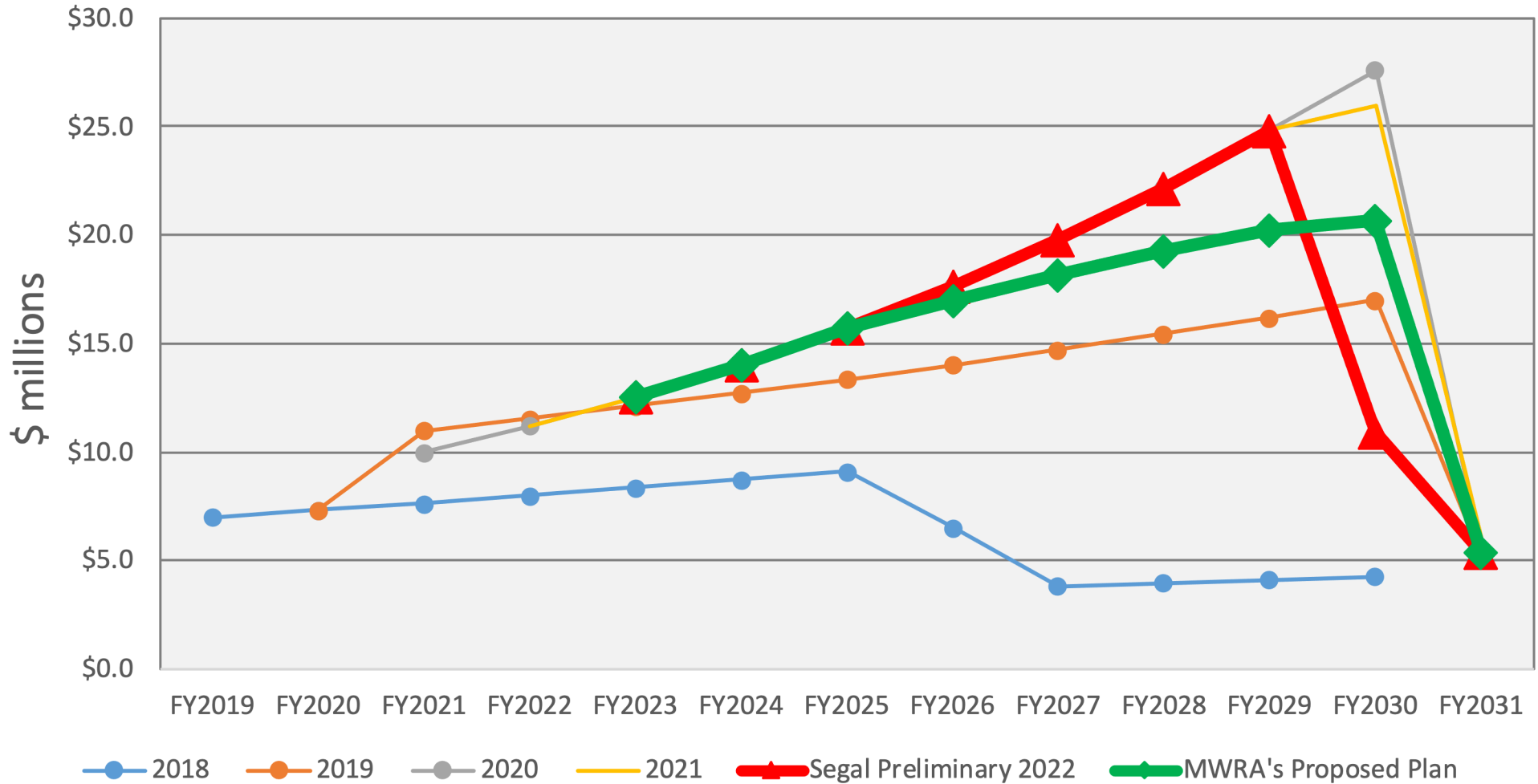


\$149.7 million in pension contributions through FY30



Pension

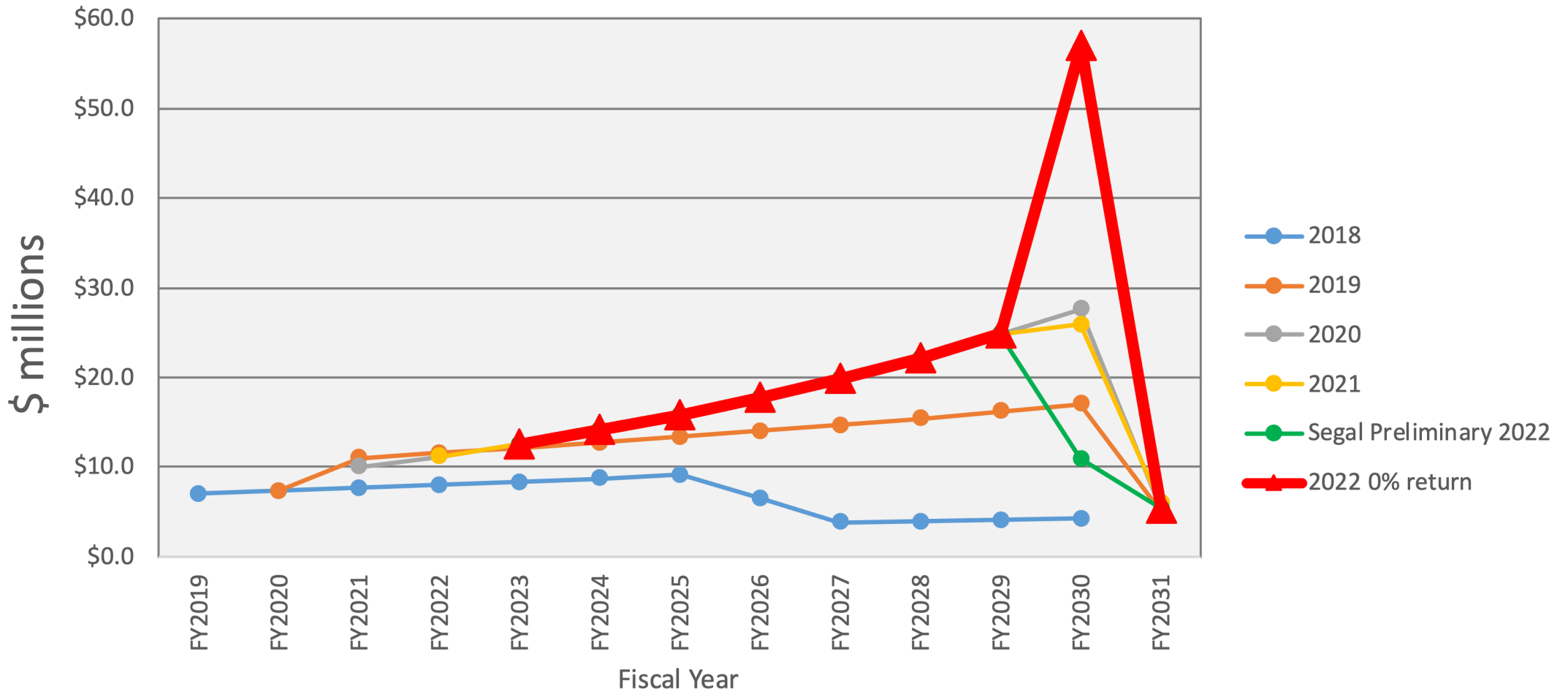
Retirement System Funding Schedules with MWRA Proposal





Pension

Retirement System Funding Schedules





Pension

Retiring the Pension

*Advisory Board's
Pillars of Pension*



Pension

PFY23 Comments & Recommendations

- 1. If the 2021 actuarial study numbers are favorable, MWRA should use the updated numbers to recalculate the projected future pension contribution costs in the final FY23 CEB and accompanying planning projections.*



Pension

PFY23 Comments & Recommendations

- 2. Consistent with the "two sides of the same coin" approach endorsed by the MWRA Board of Directors, MWRA should shift the OPEB contribution in the water utility FY23 CEB to the pension line item and continue to do so until "virtual full funding" level is achieved (95%-105%).*



Pension

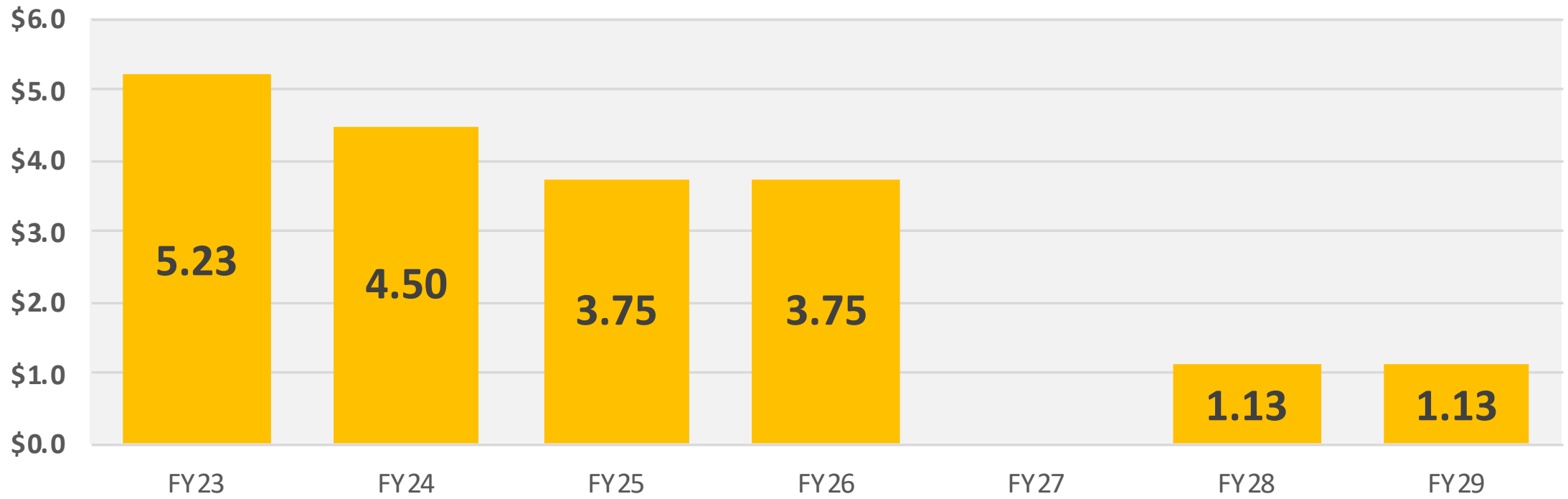
PFY23 Comments & Recommendations

3. The MWRA should shift optional debt prepayments in the sewer utility FY23 CEB into the pension line item and continue to do so until full funding (not virtual) is achieved.



Pension

Sewer Optional Debt Prepayment FY23-FY29 (\$ millions)





Pension

PFY23 Comments & Recommendations

4. *The MWRA should propose to the Retirement Board a one-time use of water rate stabilization funds to the pension calculated to achieve no less than 90% funding on the overall pension unfunded liability, keeping this deposit in either cash or a stable capital preservation vehicle to isolate it from potential negative market impacts. This one-time deposit will be contingent upon:*



Pension

PFY23 Comments & Recommendations

5. A vote of the Retirement Board to extend the date for full funding of the retirement fund to 2033, and to delegate authority to the Executive Director of the Retirement Board to request that PERAC approve a one-year extension in future if certain criteria are met to simulate a rolling 10-year funding schedule up through 2040.



Pension

PFY23 Comments & Recommendations

- 6. MWRA should work with the Advisory Board, and other retirement system stakeholders to secure legislation to amend Chapter 32 to authorize the state actuary to develop a plan that addresses well-funded, short-to-full amortization systems like the MWRA, with the goal of shifting to a rolling date for full funding if certain criteria are met (e.g. the system must be 90%+ funded)*



Capital Financing

PFY23 Comments & Recommendations

The MWRA should shift optional debt prepayments in the sewer utility FY23 CEB into the pension line item, and continue to do so until full funding (not virtual) is achieved.

MWRA anticipates a lower than proposed capital financing cost. Differences should be adjusted in RRR.

Water: \$-500,000 Sewer: \$-1,000,000



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



Capital Improvement Program

Debt Service Analysis

- Revisit MWRA debt structure and repayment schedule
- Special finance committee on capital financing fall 2022

Community Assistance Program Updates

- Authorization and fund Phase 14 of the Inflow/Infiltration Community Assistance Program
- Extension of Phase 2 of the Local Water System Assistance Program

Master Plan

- Next round of planning for MWRA Master Plan



Dunphy Sheet by Utility

3.58% Water

2.85% Combined

2.45% Sewer

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Spring Revisits

Budget	Water	Sewer
Original PFY23	3.93%	3.14%
Spring Revisits	4.17%	2.98%
FY23 AB C&R	3.58%	2.45%



MWRA Advisory Board Meeting

MWRA Lead Copper Forum

May 19, 2022



FY23 Advisory Board 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				