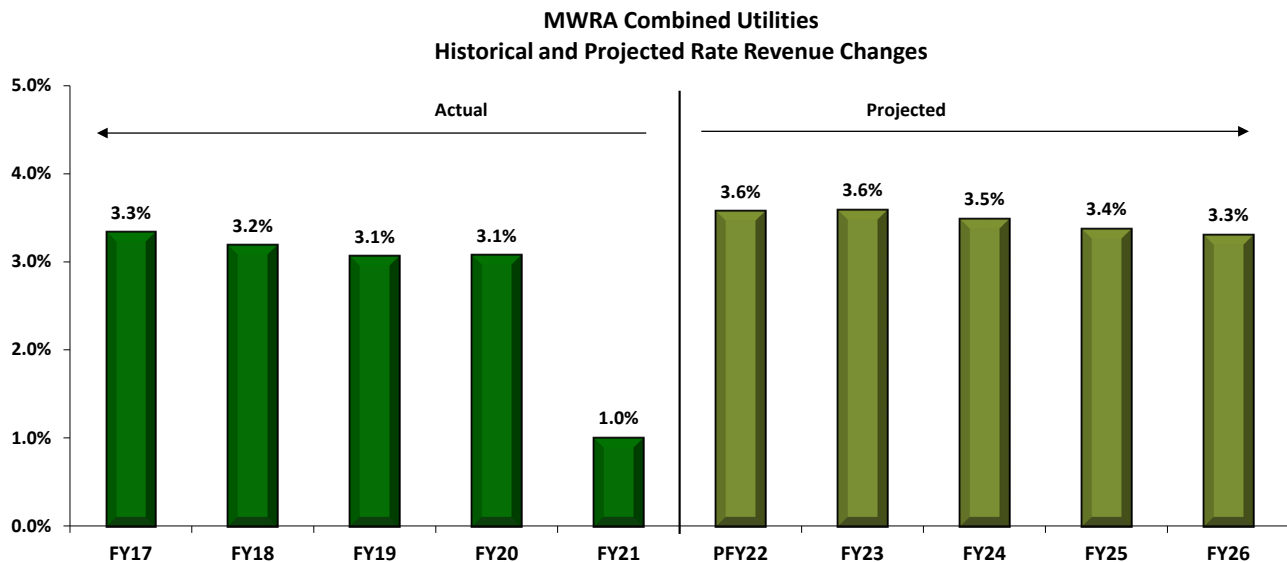




Massachusetts Water Resources Authority

Fiscal Year 2022 Proposed Current Expense Budget & Community Assessments

The MWRA continues to pursue a rates management strategy that promotes predictable and sustainable assessments to our communities. The FY2022 Proposed Budget puts forth a 3.6% combined rate increase, which is below our goal of no more than 4.0%. This is achieved by limiting direct and indirect expense increases and continuing to control debt service through a series of defeasances targeting the most challenging years.



The FY2022 Proposed Current Expense Budget includes a Rate Revenue Requirement (RRR) of \$796.9 million, an increase of \$27.5 million or 3.6% over the FY2021 Budget. This increase is primarily the result of debt service obligations to support MWRA’s Capital Improvement Program. Increased staffing for the Metropolitan Water Tunnel Redundancy project, energy costs, insurance, and pension expenses will also impact the FY2022 Budget and RRR.

The FY2022 Rate Revenue Requirement will be assessed to the 55 communities and local bodies served by MWRA’s metropolitan water and sewer utilities based on each community’s share of CY2020 water usage, changes in share of CY2018, CY2019 and CY2020 wastewater flow, changes in total census population and sewer population, and changes in high strength and septage contributions to the MWRA sewer system.

The attached Table I shows MWRA’s FY2022 Proposed Budget for revenue and expenses compared with the FY2021 Budget. Table II details preliminary FY2022 Water and Sewer Assessments for each community.

Capital Expenses

As a result of the Authority’s Capital Improvement Program, capital financing as a percent of total expenses (before offsets) has increased steadily from 36% in 1990 to over 61% in the FY2022 Proposed Current Expense Budget. Much of this debt service is for completed projects, primarily the Boston Harbor Project, the Integrated Water Supply Improvement Program, and the Combined Sewer

Overflow (CSO) projects. MWRA’s capital spending, from its inception, has been dominated by projects mandated by court ordered or regulatory requirements, which in total have accounted for ~72% of capital spending to date. Going forward, the majority of spending will be focused on asset protection and water system redundancy initiatives.

The Authority continues to actively manage its debt structure to take advantage of favorable interest rates. Tools used by MWRA to lower borrowing costs and manage rates include current and advanced refunding of outstanding debt, maximizing the use of the subsidized State Revolving Fund (SRF) debt, issuance of variable rate debt, swap agreements, and the use of surplus revenues to defease debt. MWRA also uses tax-exempt commercial paper to minimize the financing cost of construction in process.

The FY2022 Proposed Budget capital financing costs total \$501.6 million, reflecting a \$19.8 million or 4.1% increase over the FY2021, and remains the largest portion of the MWRA’s budget.

Wages and Salaries

The FY2022 Proposed Budget includes \$117.6 million for wages and salaries as compared to \$112.9 million in the FY2021 Budget, an increase of \$4.7 million or 4.2%. The proposed budget funds 1,167 positions, and includes an increase of three positons to support the water system redundancy projects.

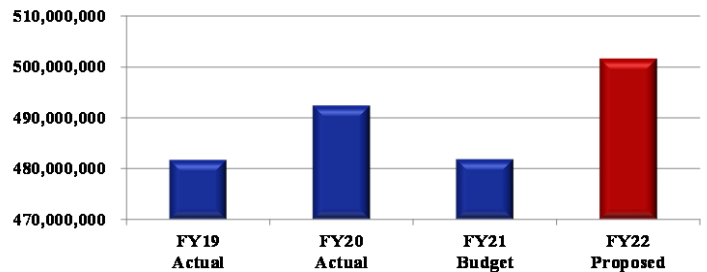
Fringe Benefits

The FY2022 Proposed Budget includes \$23.4 million for Fringe Benefits, an increase of \$986,000 or 4.4% from the FY2021 Budget. This increase is primarily due to an anticipated increase in Health Insurance premiums.

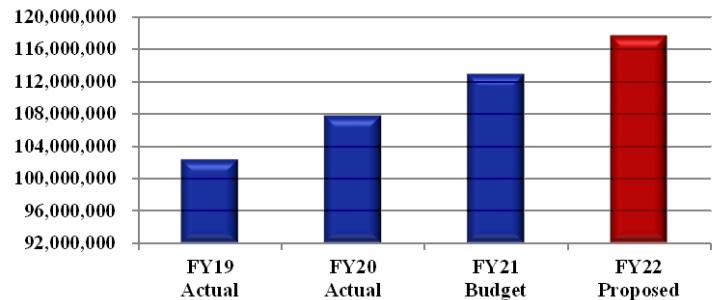
Chemicals

The FY2022 Proposed Budget includes \$12.1 million for Chemicals, an increase of \$12,000 or 0.1% from the FY2021 Budget.

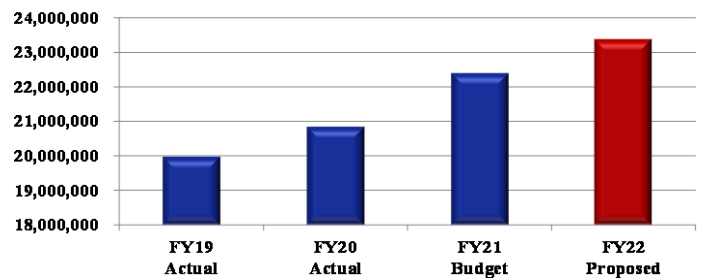
Capital Expenses



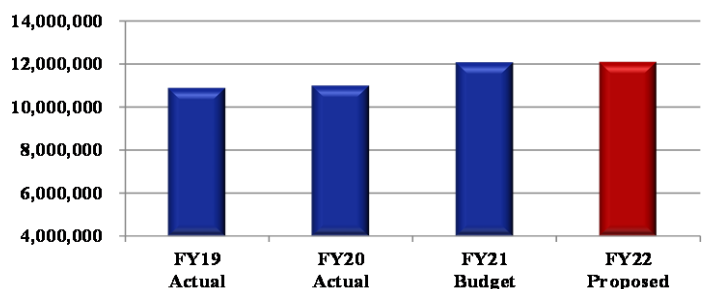
Wages and Salaries



Fringe Benefits

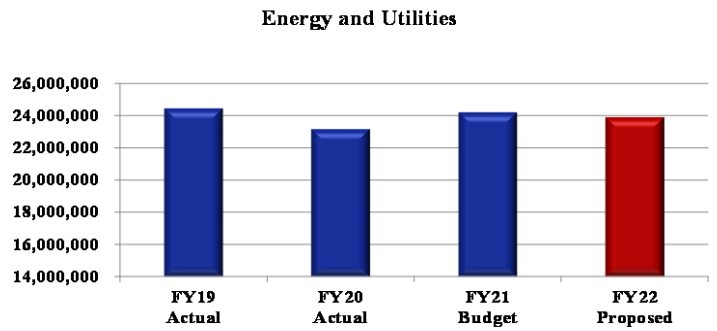


Chemicals



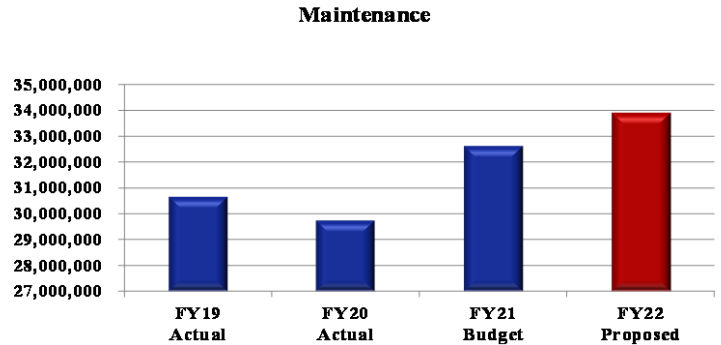
Energy and Utilities

The FY2022 Proposed Budget includes \$23.9 million for Utilities, a decrease of \$299,000 or 1.2% from the FY2021 Budget.



Maintenance

The FY2022 Proposed Budget includes \$33.9 million for maintenance projects to support the Authority's core mission of providing safe, reliable water and sewer service by protecting its assets and ensuring efficient operations.



Indirect Expenses

Indirect Expenses for FY2022 total \$56.7 million, a decrease of \$537,000 or 0.9% from the FY2021 Budget. Below are the major changes:

- \$3.5 million for Insurance, an increase of \$484,000 or 15.8% driven by higher premiums.
- \$27.3 million for the Watershed Management budget, an increase of \$845,000 or 3.2%.
- \$7.0 million for the Harbor Energy Electric Company (HEEC), a decrease of \$239,000 or 3.3%.
- \$11.2 million for the Pension Expenses, an increase of \$205,000 or 1.9% over the FY2021 budget.

Other Revenue

Projected FY2022 non-rate revenue totals \$21.5 million, a decrease of \$502,000 or 2.3% versus the FY2021 Budget. The decrease is due to lower investment income rates on MWRA funds. Investment Income is projected to decrease by \$1.4 million or 27.2% from the FY2021 Budget.

The Outcome

The Fiscal Year 2022 Proposed Current Expense Budget:

- ✓ Continues to maintain the Authority's assets, ensuring safe and reliable water and sewer service.
- ✓ Includes targeted debt defeasance using surplus created mostly by low short-term interest rates.
- ✓ Judiciously uses reserves to lower rate increases while maintaining adequate balances for use in future years.
- ✓ Continues to employ a multi-year strategy to mitigate future rate increases without potentially jeopardizing the Authority's high credit rating.

Table 1
MWRA Current Expense Budget
FY22 Proposed versus FY21 Approved Budget

(\$ in Millions)	FY21 Approved Budget	FY22 Proposed Budget	\$ Change	% Change
Directs	\$ 252.2	\$ 260.0	\$ 7.8	3.1%
Indirects	57.3	56.7	(0.5)	-0.9%
Sub-Total Operating Expenses	\$ 309.5	\$ 316.7	\$ 7.3	2.3%
Capital Financing (before Offsets)	481.9	501.6	19.8	4.1%
<i>Offsets: Bond Redemption¹</i>	-	-	-	0.0%
Variable Debt Savings	-	-	-	0.0%
Debt Service Assistance	-	-	-	0.0%
Sub-Total Capital Financing	\$ 481.9	\$ 501.6	\$ 19.8	4.1%
Total Expenses	\$ 791.4	\$ 818.4	\$ 27.0	3.4%
Investment Income	\$ 5.2	\$ 3.8	\$ (1.4)	-27.2%
Non-Rate Revenue	15.3	15.7	0.4	2.6%
Rate Stabilization ¹	1.5	2.0	0.5	33.3%
Sub-Total Non-Rate Revenue	\$ 22.0	\$ 21.5	\$ (0.5)	-2.3%
Rate Revenue	769.4	796.9	27.5	3.6%
Total Revenue & Income	\$ 791.4	\$ 818.4	\$ 27.0	3.4%
FY22 Rate Revenue Increase				3.6%
Combined Use of Reserves	\$ 1.5	\$ 2.0		

MWRA Fully Served Water and Sewer Customers	Final FY21 Water Assessment	Preliminary FY22 Water Assessment	Percent Change from FY21	Final FY21 Sewer Assessment	Preliminary FY22 Sewer Assessment	Percent Change from FY21	Final FY21 Combined Assessment	Preliminary FY22 Combined Assessment	Dollar Change from FY21	Percent Change from FY21
ARLINGTON	5,627,090	5,984,120	6.3%	8,872,540	9,193,053	3.6%	\$14,499,630	\$15,177,173	\$677,543	4.7%
BELMONT	3,040,437	3,336,201	9.7%	5,332,639	5,522,932	3.6%	8,373,076	8,859,133	486,057	5.8%
BOSTON (BWSC)	97,981,545	94,373,408	-3.7%	145,976,286	149,921,742	2.7%	243,957,831	244,295,150	337,319	0.1%
BROOKLINE	7,543,434	8,046,192	6.7%	13,249,272	13,755,473	3.8%	20,792,706	21,801,665	1,008,959	4.9%
CHELSEA	5,158,804	5,484,113	6.3%	8,585,318	9,047,714	5.4%	13,744,122	14,531,827	787,705	5.7%
EVERETT	5,958,067	6,300,086	5.7%	9,529,946	9,687,451	1.7%	15,488,013	15,987,537	499,524	3.2%
FRAMINGHAM	8,834,401	9,328,304	5.6%	13,209,393	13,870,891	5.0%	22,043,794	23,199,195	1,155,401	5.2%
LEXINGTON	8,006,399	8,782,170	9.7%	7,922,359	8,232,301	3.9%	15,928,758	17,014,471	1,085,713	6.8%
MALDEN	7,980,333	8,414,812	5.4%	13,376,032	13,914,521	4.0%	21,356,365	22,329,333	972,968	4.6%
MEDFORD	6,872,249	7,392,273	7.6%	12,312,099	12,627,546	2.6%	19,184,348	20,019,819	835,471	4.4%
MELROSE	3,105,038	3,526,693	13.6%	6,642,072	6,889,551	3.7%	9,747,110	10,416,244	669,134	6.9%
MILTON	3,524,251	3,885,233	10.2%	5,780,577	5,953,017	3.0%	9,304,828	9,838,250	533,422	5.7%
NEWTON	13,532,097	13,777,627	1.8%	21,895,848	22,492,759	2.7%	35,427,945	36,270,386	842,441	2.4%
NORWOOD	4,246,016	4,428,418	4.3%	8,188,530	8,534,690	4.2%	12,434,546	12,963,108	528,562	4.3%
QUINCY	12,401,474	13,499,643	8.9%	20,972,691	21,620,948	3.1%	33,374,165	35,120,591	1,746,426	5.2%
READING	2,399,752	2,843,676	18.5%	5,250,778	5,415,803	3.1%	7,650,530	8,259,479	608,949	8.0%
REVERE	5,591,863	5,781,193	3.4%	10,748,405	11,145,798	3.7%	16,340,268	16,926,991	586,723	3.6%
SOMERVILLE	8,711,112	9,012,516	3.5%	16,822,763	17,143,800	1.9%	25,533,875	26,156,316	622,441	2.4%
STONEHAM	2,870,605	3,576,978	24.6%	4,988,619	5,624,810	12.8%	7,859,224	9,201,788	1,342,564	17.1%
WALTHAM	10,046,663	10,383,579	3.4%	13,972,854	14,397,848	3.0%	24,019,517	24,781,427	761,910	3.2%
WATERTOWN	3,935,832	4,184,354	6.3%	6,648,177	6,859,624	3.2%	10,584,009	11,043,978	459,969	4.3%
WINTHROP	1,958,437	2,083,241	6.4%	3,714,891	3,859,263	3.9%	5,673,328	5,942,524	269,196	4.7%
TOTAL	\$229,325,899	\$234,424,830	2.2%	\$363,992,089	\$375,711,555	3.2%	\$593,317,988	\$610,136,385	\$16,818,397	2.8%

MWRA Sewer and Partial Water Customers	Final FY21 Water Assessment	Preliminary FY22 Water Assessment	Percent Change from FY21	Final FY21 Sewer Assessment	Preliminary FY22 Sewer Assessment	Percent Change from FY21	Final FY21 Combined Assessment	Preliminary FY22 Combined Assessment	Dollar Change from FY21	Percent Change from FY21
CANTON	1,626,637	1,513,980	-6.9%	4,599,635	4,797,554	4.3%	\$6,226,272	\$6,311,534	\$85,262	1.4%
NEEDHAM	1,122,902	1,677,742	49.4%	6,399,895	6,662,310	4.1%	7,522,797	8,340,052	817,255	10.9%
STOUGHTON	141,002	168,213	19.3%	5,226,978	5,473,699	4.7%	5,367,980	5,641,912	273,932	5.1%
WAKEFIELD	2,874,557	2,837,491	-1.3%	6,577,299	6,793,284	3.3%	9,451,856	9,630,775	178,919	1.9%
WELLESLEY	1,835,381	2,311,780	26.0%	5,955,781	6,126,433	2.9%	7,791,162	8,438,213	647,051	8.3%
WILMINGTON	599,456	1,103,479	84.1%	2,953,524	3,033,983	2.7%	3,552,980	4,137,462	584,482	16.5%
WINCHESTER	1,835,487	2,102,441	14.5%	4,440,715	4,569,952	2.9%	6,276,202	6,672,393	396,191	6.3%
WOBURN	4,199,480	4,957,716	18.1%	9,434,265	9,553,873	1.3%	13,633,745	14,511,589	877,844	6.4%
TOTAL	\$14,234,902	\$16,672,842	17.1%	\$45,588,092	47,011,088	3.1%	\$59,822,994	\$63,683,930	\$3,860,936	6.5%

MWRA Sewer-only Customers	Final FY21 Water Assessment	Preliminary FY22 Water Assessment	Percent Change from FY21	Final FY21 Sewer Assessment	Preliminary FY22 Sewer Assessment	Percent Change from FY21	Final FY21 Combined Assessment	Preliminary FY22 Combined Assessment	Dollar Change from FY21	Percent Change from FY21
ASHLAND				2,675,100	2,774,667	3.7%	\$2,675,100	\$2,774,667	\$99,567	3.7%
BEDFORD				3,563,964	3,640,475	2.1%	3,563,964	3,640,475	76,511	2.1%
BRAINTREE				10,046,123	10,527,612	4.8%	10,046,123	10,527,612	481,489	4.8%
BURLINGTON				5,969,600	6,212,321	4.1%	5,969,600	6,212,321	242,721	4.1%
CAMBRIDGE				26,630,300	27,943,480	4.9%	26,630,300	27,943,480	1,313,180	4.9%
DEDHAM				5,877,037	6,117,518	4.1%	5,877,037	6,117,518	240,481	4.1%
HINGHAM SEWER DISTRICT				2,005,219	2,075,210	3.5%	2,005,219	2,075,210	69,991	3.5%
HOLBROOK				1,816,238	1,898,064	4.5%	1,816,238	1,898,064	81,826	4.5%
NATICK				5,916,657	6,175,580	4.4%	5,916,657	6,175,580	258,923	4.4%
RANDOLPH				6,743,289	6,881,958	2.1%	6,743,289	6,881,958	138,669	2.1%
WALPOLE				4,125,676	4,313,987	4.6%	4,125,676	4,313,987	188,311	4.6%
WESTWOOD				3,121,245	3,271,442	4.8%	3,121,245	3,271,442	150,197	4.8%
WEYMOUTH				13,242,974	13,723,816	3.6%	13,242,974	13,723,816	480,842	3.6%
TOTAL				\$91,733,422	\$95,556,130	4.2%	\$91,733,422	\$95,556,130	\$3,822,708	4.2%

MWRA Water-only Customers	Final FY21 Water Assessment	Preliminary FY22 Water Assessment	Percent Change from FY21	Final FY21 Sewer Assessment	Preliminary FY22 Sewer Assessment	Percent Change from FY21	Final FY21 Combined Assessment	Preliminary FY22 Combined Assessment	Dollar Change from FY21	Percent Change from FY21
LYNNFIELD WATER DISTRICT	764,867	865,761	13.2%				\$764,867	\$865,761	\$100,894	13.2%
MARBLEHEAD	2,664,131	3,106,420	16.6%				2,664,131	3,106,420	442,289	16.6%
NAHANT	514,383	535,673	4.1%				514,383	535,673	21,290	4.1%
SAUGUS	4,465,635	4,882,255	9.3%				4,465,635	4,882,255	416,620	9.3%
SOUTHBOROUGH	1,003,016	1,238,325	23.5%				1,003,016	1,238,325	235,309	23.5%
SWAMPSCOTT	2,342,440	2,592,611	10.7%				2,342,440	2,592,611	250,171	10.7%
WESTON	2,395,031	2,849,956	19.0%				2,395,031	2,849,956	454,925	19.0%
TOTAL	\$14,149,503	\$16,071,001	13.6%				\$14,149,503	\$16,071,001	\$1,921,498	13.6%

MWRA Partial Water-only Customers	Final FY21 Water Assessment	Preliminary FY22 Water Assessment	Percent Change from FY21	Final FY21 Sewer Assessment	Preliminary FY22 Sewer Assessment	Percent Change from FY21	Final FY21 Combined Assessment	Preliminary FY22 Combined Assessment	Dollar Change from FY21	Percent Change from FY21
DEDHAM-WESTWOOD WATER DISTRICT	1,037,861.00	622,737.00	-40.0%				\$1,037,861	\$622,737	(\$415,124)	-40.0%
LYNN (LWSC)	396,099	126,238	-68.1%				396,099	126,238	(269,861)	-68.1%
MARLBOROUGH	6,194,747	6,618,827	6.8%				6,194,747	6,618,827	424,080	6.8%
NORTHBOROUGH	1,422,346	1,767,929	24.3%				1,422,346	1,767,929	345,583	24.3%
PEABODY	1,310,040	2,307,823	76.2%				1,310,040	2,307,823	997,783	76.2%
TOTAL	\$10,361,093	\$11,443,554	10.4%				\$10,361,093	\$11,443,554	\$1,082,461	10.4%
SYSTEMS TOTAL	\$268,071,397	\$278,612,227	3.9%	\$501,313,603	\$518,278,773	3.4%	\$769,385,000	\$796,891,000	\$27,506,000	3.6%