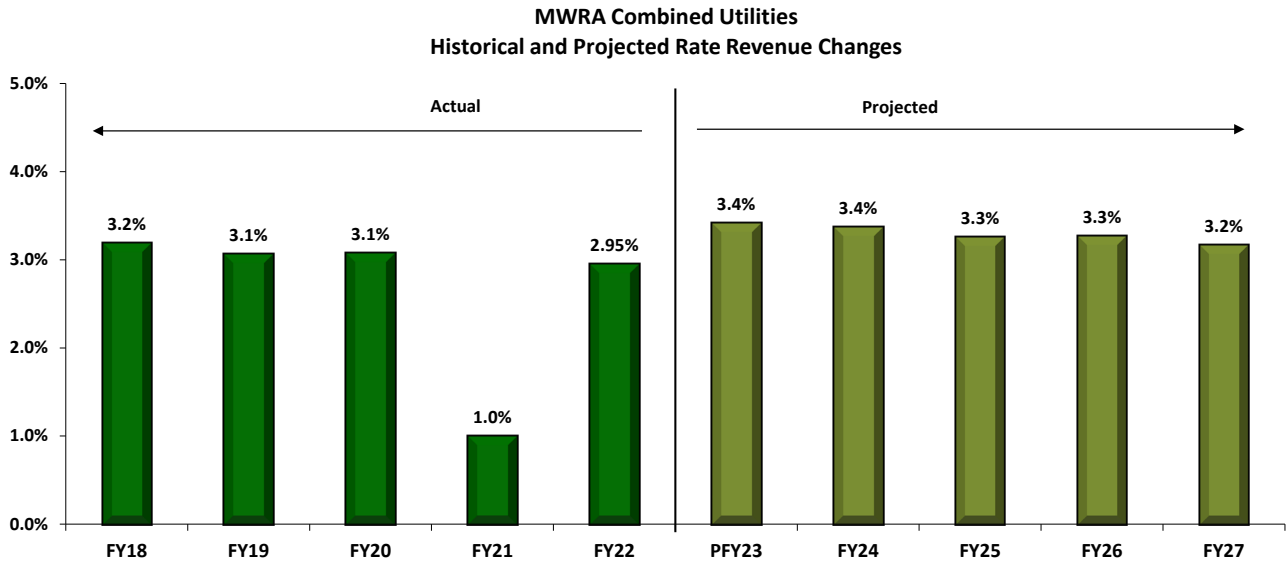




# Massachusetts Water Resources Authority

## Fiscal Year 2023 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 FY2023 Proposed Budget puts forth a 3.4% 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 FY2023 Proposed Current Expense Budget includes a Rate Revenue Requirement (RRR) of \$819.1 million, an increase of \$27.1 million or 3.4% over the FY2022 Budget. This increase is primarily the result of debt service obligations to support MWRA’s Capital Improvement Program. Increased, energy costs, insurance, and pension expenses will also impact the FY2023 Budget and RRR.

The FY2023 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 CY2021 water usage, changes in share of CY2019, CY2020 and CY2021 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 FY2023 Proposed Budget for revenue and expenses compared with the FY2022 Budget. Table II details preliminary FY2023 Water and Sewer Assessments for each community.

### *Capital Expenses*

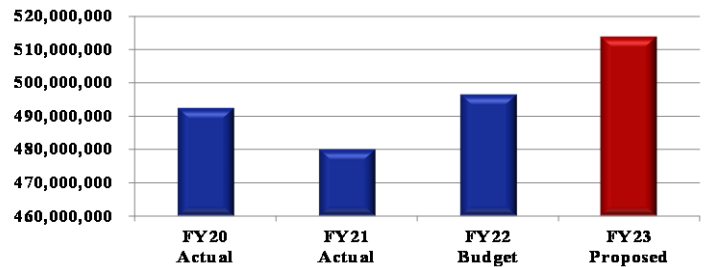
As a result of the Authority’s Capital Improvement Program, capital financing as a percent of total expenses (before offsets) has increased steadily from 36% in 1990 to over 61% in the FY2023 Proposed Current Expense Budget. Much of this debt service is for completed projects, primarily the Boston Harbor 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 ~70% 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 FY2023 Proposed Budget capital financing costs total \$514.0 million, reflecting a \$17.4 million or 3.5% increase over the FY2022, and remains the largest portion of the MWRA’s budget.

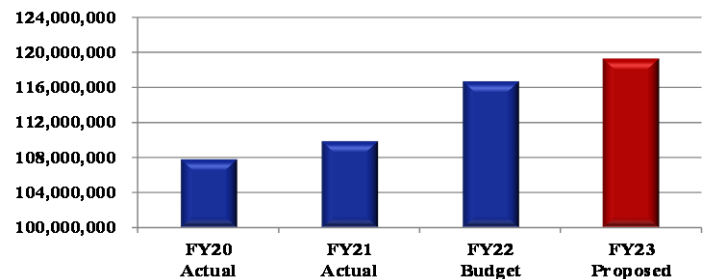
**Capital Expenses**



***Wages and Salaries***

The FY2023 Proposed Budget includes \$119.3 million for wages and salaries as compared to \$116.7 million in the FY2022 Budget, an increase of \$2.6 million or 2.2%. The proposed budget funds 1,167 positions, same as the FY2022 Budget.

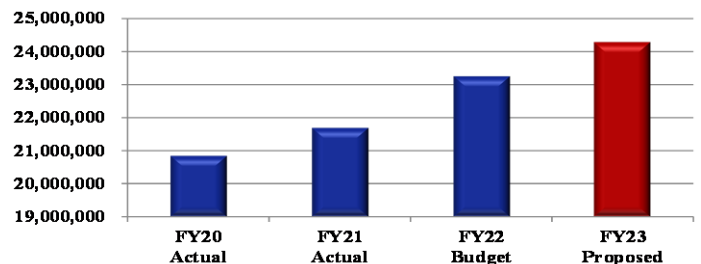
**Wages and Salaries**



***Fringe Benefits***

The FY2023 Proposed Budget includes \$24.3 million for Fringe Benefits, an increase of \$1.0 million or 4.4% from the FY2022 Budget. This increase is primarily due to an anticipated increase in Health Insurance premiums.

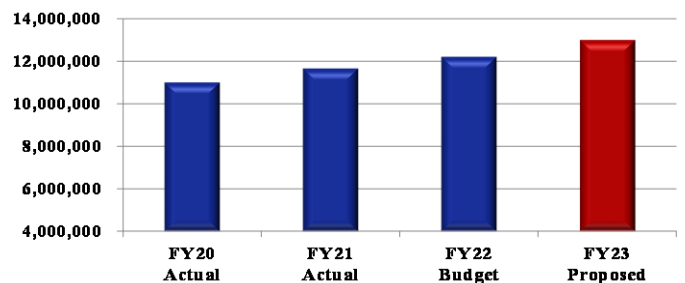
**Fringe Benefits**



***Chemicals***

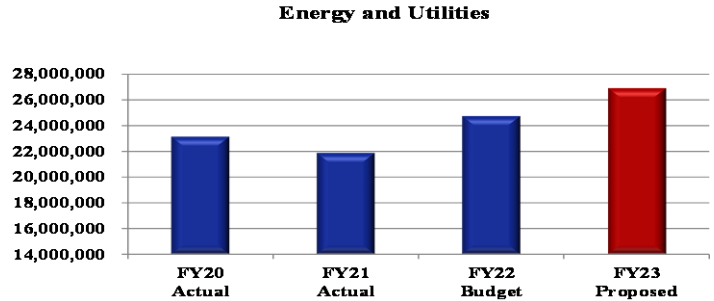
The FY2023 Proposed Budget includes \$13.0 million for Chemicals, an increase of \$796,000 or 6.5% from the FY2022 Budget.

**Chemicals**



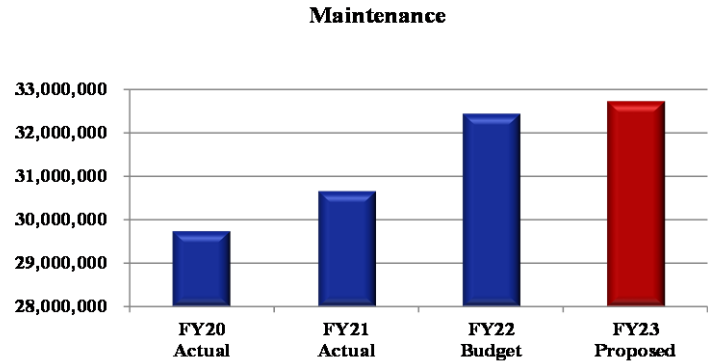
## ***Energy and Utilities***

The FY2023 Proposed Budget includes \$26.9 million for Utilities, an increase of \$2.2 million or 8.8% from the FY2022 Budget.



## ***Maintenance***

The FY2023 Proposed Budget includes \$32.7 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 FY2023 total \$58.6 million, an increase of \$2.0 million or 3.5% over the FY2022 Budget. Below are the highlights of major changes:

- \$3.9 million for Insurance, a decrease of \$28,000 or 0.7% from the FY2022 Budget. This reflects an anticipated 10% property premium credit.
- \$28.0 million for the Watershed Management budget, an increase of \$1.3 million or 4.8% above the FY2022 Budget.
- \$6.2 million for the Harbor Energy Electric Company (HEEC), a decrease of \$766,000 or 11.0% from the FY2022 Budget.
- \$12.6 million for Pensions, an increase of \$1.4 million or 12.1% over the FY2022 budget.

## ***Other Revenue***

Projected FY23 non-rate revenue totals \$21.1 million, which is an increase of \$186,000 or 0.9% versus the FY22.

## ***The Outcome***

The Fiscal Year 2023 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**  
**FY23 Proposed Budget versus FY22 Approved Budget**

(\$ in Millions)	FY22 Approved Budget	FY23 Proposed Budget	\$ Change	% Change
Directs	\$ 259.8	\$ 267.7	\$ 7.8	3.0%
Indirects	56.7	58.6	2.0	3.5%
<b>Sub-Total Operating Expenses</b>	<b>\$ 316.5</b>	<b>\$ 326.3</b>	<b>\$ 9.8</b>	<b>3.1%</b>
Capital Financing (before Offsets)	497.8	514.0	16.1	3.2%
<i>Offsets:</i> Bond Redemption <sup>1</sup>	-	-	-	-
Variable Debt Savings	-	-	-	-
Debt Service Assistance	(1.3)	-	1.3	-100.0%
<b>Sub-Total Capital Financing</b>	<b>\$ 496.5</b>	<b>\$ 514.0</b>	<b>\$ 17.4</b>	<b>3.5%</b>
<b>Total Expenses</b>	<b>\$ 813.0</b>	<b>\$ 840.2</b>	<b>\$ 27.2</b>	<b>3.4%</b>
Investment Income	\$ 4.0	\$ 4.1	\$ 0.2	4.5%
Non-Rate Revenue	15.7	16.0	0.3	1.8%
Rate Stabilization <sup>1</sup>	1.3	1.0	(0.3)	-21.6%
<b>Sub-Total Non-Rate Revenue</b>	<b>\$ 20.9</b>	<b>\$ 21.1</b>	<b>\$ 0.2</b>	<b>0.9%</b>
Rate Revenue	792.1	819.1	27.1	3.4%
<b>Total Revenue &amp; Income</b>	<b>\$ 813.0</b>	<b>\$ 840.2</b>	<b>\$ 27.2</b>	<b>3.4%</b>
<b>FY23 Rate Revenue Increase</b>		3.42%		
<b>Combined Use of Reserves</b>		\$ 1.0		

<sup>1</sup> MWRA has two reserve funds (Bond Redemption and Rate Stabilization) which can be used at the discretion of the Authority to manage the rate revenue requirement. Use of the Bond Redemption reduces total expenses and Rate Stabilization increases total revenue. Under the terms of the General Bond Resolution the annual use of Rate Stabilization funds cannot exceed 10% of the year's senior debt service. Bond Redemption funds can be used only to retire or prepay outstanding debt. There is no annual limit on the amount of Bond Redemption funds used in a year, however the use is tied to the bonds' maturity dates and it is utility specific.

MWRA Fully Served Water and Sewer Customers	Final FY22 Water Assessment	Preliminary FY23 Water Assessment	Percent Change from FY22	Final FY22 Sewer Assessment	Preliminary FY23 Sewer Assessment	Percent Change from FY22	Final FY22 Combined Assessment	Preliminary FY23 Combined Assessment	Dollar Change from FY22	Percent Change from FY22
ARLINGTON	\$5,958,052	\$5,648,095	-5.2%	\$9,124,432	\$9,484,574	3.9%	\$15,082,484	\$15,132,669	\$50,185	0.3%
BELMONT	3,321,668	3,134,847	-5.6%	5,482,714	5,731,794	4.5%	8,804,382	8,866,641	62,259	0.7%
BOSTON (BWSC)	93,962,296	99,390,501	5.8%	148,872,321	150,947,874	1.4%	242,834,617	250,338,375	7,503,758	3.1%
BROOKLINE	8,011,141	8,018,472	0.1%	13,660,245	14,402,848	5.4%	21,671,386	22,421,320	749,934	3.5%
CHELSEA	5,460,223	5,460,876	0.0%	8,986,504	9,437,973	5.0%	14,446,727	14,898,849	452,122	3.1%
EVERETT	6,272,641	6,422,774	2.4%	9,618,364	10,143,337	5.5%	15,891,005	16,566,111	675,106	4.2%
FRAMINGHAM	9,287,668	9,531,024	2.6%	13,764,605	13,770,784	0.0%	23,052,273	23,301,808	249,535	1.1%
LEXINGTON	8,743,912	8,493,467	-2.9%	8,177,213	8,499,573	3.9%	16,921,125	16,993,040	71,915	0.4%
MALDEN	8,378,155	8,758,033	4.5%	13,820,322	14,832,152	7.3%	22,198,477	23,590,185	1,391,708	6.3%
MEDFORD	7,360,071	7,666,268	4.2%	12,538,844	13,153,014	4.9%	19,898,915	20,819,282	920,367	4.6%
MELROSE	3,511,330	3,499,715	-0.3%	6,842,727	7,240,440	5.8%	10,354,057	10,740,155	386,098	3.7%
MILTON	3,884,900	4,022,582	3.5%	5,910,238	6,132,056	3.8%	9,795,138	10,154,638	359,500	3.7%
NEWTON	13,717,608	14,157,661	3.2%	22,344,621	22,974,751	2.8%	36,062,229	37,132,412	1,070,183	3.0%
NORWOOD	4,409,127	4,502,690	2.1%	8,482,434	8,847,930	4.3%	12,891,561	13,350,620	459,059	3.6%
QUINCY	13,440,835	13,856,502	3.1%	21,473,437	22,727,958	5.8%	34,914,272	36,584,460	1,670,188	4.8%
READING	2,831,288	2,807,828	-0.8%	5,376,119	5,430,037	1.0%	8,207,407	8,237,865	30,458	0.4%
REVERE	5,756,009	6,348,919	10.3%	11,066,469	12,420,922	12.2%	16,822,478	18,769,841	1,947,363	11.6%
SOMERVILLE	8,973,256	9,471,778	5.6%	17,020,189	17,178,392	0.9%	25,993,445	26,650,170	656,725	2.5%
STONEHAM	3,561,396	3,289,382	-7.6%	5,585,497	5,699,305	2.0%	9,146,893	8,988,687	(158,206)	-1.7%
WALTHAM	10,338,346	11,044,210	6.8%	14,299,920	14,909,243	4.3%	24,638,266	25,953,453	1,315,187	5.3%
WATERTOWN	4,166,126	4,147,401	-0.4%	6,806,903	6,870,077	0.9%	10,973,029	11,017,478	44,449	0.4%
WINTHROP	2,074,166	1,918,276	-7.5%	3,831,735	4,006,489	4.6%	5,905,901	5,924,765	18,864	0.3%
<b>TOTAL</b>	<b>\$233,420,214</b>	<b>\$241,591,301</b>	<b>3.5%</b>	<b>\$373,085,853</b>	<b>\$384,841,523</b>	<b>3.2%</b>	<b>\$606,506,067</b>	<b>\$626,432,824</b>	<b>\$19,926,757</b>	<b>3.3%</b>

MWRA Sewer and Partial Water Customers	Final FY22 Water Assessment	Preliminary FY23 Water Assessment	Percent Change from FY22	Final FY22 Sewer Assessment	Preliminary FY23 Sewer Assessment	Percent Change from FY22	Final FY22 Combined Assessment	Preliminary FY23 Combined Assessment	Dollar Change from FY22	Percent Change from FY22
ASHLAND	\$0	\$0	-	\$2,752,284	\$2,919,377	6.1%	\$2,752,284	\$2,919,377	\$167,093	6.1%
BURLINGTON	0	1,253,355	-	6,168,357	6,071,100	-1.6%	6,168,357	7,324,455	1,156,098	18.7%
CANTON	1,507,385	2,022,211	34.2%	4,765,395	4,901,007	2.8%	6,272,780	6,923,218	650,438	10.4%
NEEDHAM	1,670,433	1,464,186	-12.3%	6,614,690	6,822,134	3.1%	8,285,123	8,286,320	1,197	0.0%
STOUGHTON	167,480	118,822	-29.1%	5,434,313	5,521,610	1.6%	5,601,793	5,640,432	38,639	0.7%
WAKEFIELD	2,825,130	2,617,209	-7.4%	6,748,184	6,900,194	2.3%	9,573,314	9,517,403	(55,911)	-0.6%
WELLESLEY	2,301,709	3,325,451	44.5%	6,082,193	6,331,423	4.1%	8,383,902	9,656,874	1,272,972	15.2%
WILMINGTON	1,098,672	716,510	-34.8%	3,013,693	3,256,544	8.1%	4,112,365	3,973,054	(139,311)	-3.4%
WINCHESTER	2,093,282	1,943,817	-7.1%	4,535,279	4,639,624	2.3%	6,628,561	6,583,441	(45,120)	-0.7%
WOBURN	4,936,119	5,385,782	9.1%	9,490,135	9,885,693	4.2%	14,426,254	15,271,675	845,421	5.9%
<b>TOTAL</b>	<b>\$16,600,210</b>	<b>\$18,847,343</b>	<b>13.5%</b>	<b>\$55,604,523</b>	<b>\$57,248,906</b>	<b>3.0%</b>	<b>\$72,204,733</b>	<b>\$76,096,249</b>	<b>\$3,891,516</b>	<b>5.4%</b>

MWRA Sewer-only Customers	Final FY22 Water Assessment	Preliminary FY23 Water Assessment	Percent Change from FY22	Final FY22 Sewer Assessment	Preliminary FY23 Sewer Assessment	Percent Change from FY22	Final FY22 Combined Assessment	Preliminary FY23 Combined Assessment	Dollar Change from FY22	Percent Change from FY22
BEDFORD				\$3,616,974	\$3,723,136	2.9%	\$3,616,974	\$3,723,136	\$106,162	2.9%
BRAINTREE				10,463,134	10,945,624	4.6%	10,463,134	10,945,624	482,490	4.6%
CAMBRIDGE				27,759,220	28,791,191	3.7%	27,759,220	28,791,191	1,031,971	3.7%
DEDHAM				6,076,744	6,200,644	2.0%	6,076,744	6,200,644	123,900	2.0%
HINGHAM SEWER DISTRICT				2,061,694	2,148,312	4.2%	2,061,694	2,148,312	86,618	4.2%
HOLBROOK				1,883,097	1,958,381	4.0%	1,883,097	1,958,381	75,284	4.0%
NATICK				6,126,567	6,356,674	3.8%	6,126,567	6,356,674	230,107	3.8%
RANDOLPH				6,830,622	7,009,640	2.6%	6,830,622	7,009,640	179,018	2.6%
WALPOLE				4,280,744	4,494,069	5.0%	4,280,744	4,494,069	213,325	5.0%
WESTWOOD				3,247,430	3,305,428	1.8%	3,247,430	3,305,428	57,998	1.8%
WEYMOUTH				13,632,330	13,809,607	1.3%	13,632,330	13,809,607	177,277	1.3%
<b>TOTAL</b>				<b>\$85,978,556</b>	<b>\$88,742,706</b>	<b>3.2%</b>	<b>\$85,978,556</b>	<b>\$88,742,706</b>	<b>\$2,764,150</b>	<b>3.2%</b>

MWRA Water-only Customers	Final FY22 Water Assessment	Preliminary FY23 Water Assessment	Percent Change from FY22	Final FY22 Sewer Assessment	Preliminary FY23 Sewer Assessment	Percent Change from FY22	Final FY22 Combined Assessment	Preliminary FY23 Combined Assessment	Dollar Change from FY22	Percent Change from FY22
LYNNFIELD WATER DISTRICT	\$861,938	\$865,543	0.4%				\$861,938	\$865,543	\$3,605	0.4%
MARBLEHEAD	3,092,888	2,941,372	-4.9%				3,092,888	2,941,372	(151,516)	-4.9%
NAHANT	533,340	578,355	8.4%				533,340	578,355	45,015	8.4%
SAUGUS	4,860,987	5,020,868	3.3%				4,860,987	5,020,868	159,881	3.3%
SOUTHBOROUGH	1,232,930	984,014	-20.2%				1,232,930	984,014	(248,916)	-20.2%
SWAMPSCOTT	2,581,317	2,552,649	-1.1%				2,581,317	2,552,649	(28,668)	-1.1%
WESTON	2,837,540	2,456,156	-13.4%				2,837,540	2,456,156	(381,384)	-13.4%
<b>TOTAL</b>	<b>\$16,000,940</b>	<b>\$15,398,957</b>	<b>-3.8%</b>				<b>\$16,000,940</b>	<b>\$15,398,957</b>	<b>(\$601,983)</b>	<b>-3.8%</b>

MWRA Partial Water-only Customers	Final FY22 Water Assessment	Preliminary FY23 Water Assessment	Percent Change from FY22	Final FY22 Sewer Assessment	Preliminary FY23 Sewer Assessment	Percent Change from FY22	Final FY22 Combined Assessment	Preliminary FY23 Combined Assessment	Dollar Change from FY22	Percent Change from FY22
DEDHAM-WESTWOOD WATER DISTRICT	\$620,024	\$256,078	-58.7%				\$620,024	\$256,078	(\$363,946)	-58.7%
LYNN (LWSC)	125,688	187,732	49.4%				125,688	187,732	62,044	49.4%
MARLBOROUGH	6,589,994	6,733,069	2.2%				6,589,994	6,733,069	143,075	2.2%
NORTHBOROUGH	1,760,228	1,508,715	-14.3%				1,760,228	1,508,715	(251,513)	-14.3%
PEABODY	2,297,770	3,781,670	64.6%				2,297,770	3,781,670	1,483,900	64.6%
<b>TOTAL</b>	<b>\$11,393,704</b>	<b>\$12,467,264</b>	<b>9.4%</b>				<b>\$11,393,704</b>	<b>\$12,467,264</b>	<b>\$1,073,560</b>	<b>9.4%</b>
<b>SYSTEMS TOTAL</b>	<b>\$277,415,068</b>	<b>\$288,304,865</b>	<b>3.93%</b>	<b>\$514,668,932</b>	<b>\$530,833,135</b>	<b>3.14%</b>	<b>\$792,084,000</b>	<b>\$819,138,000</b>	<b>\$27,054,000</b>	<b>3.42%</b>