



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%
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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%	




Water
3.93%
Sewer
3.14%



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FY23	3.42%	



Water
3.93%
Sewer
3.14%



Dunphy Sheet by Utility

2.85%

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	\$	(4,503,320)
FY2023 RRR, less changes	\$	814,634,680
Advisory Board Recommended FY23 RRR Increase		2.85%

IMPACTS ON EXPENDITURES		Amount
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY23 CEB		
Water Utility Adjustments	\$	(1,600,000)
Sewer Utility Adjustments	\$	(2,600,000)
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	\$	51,937
NET CHANGES TO PROPOSED FY23 CEB	\$	(4,503,320)



Dunphy Sheet by Utility

3.58% Water

2.85% Combined

2.45% Sewer

IMPACTS ON EXPENDITURES	Amount
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY23 CEB	
Staffing	\$ (1,100,000)
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	\$ 72,202
NET CHANGES TO PROPOSED FY23 CEB	\$ (966,755)

IMPACTS ON EXPENDITURES	Amount
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY23 CEB	
Staffing	\$ (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	\$ (20,264)
NET CHANGES TO PROPOSED FY23 CEB	\$ (3,536,565)



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
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Subtotal of Changes to Operating Costs	\$	2,334,730
Revenue & Income		
Investment Income	\$	(1,668,377)
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Sewer		
Direct & Indirect Cost Changes		
Wages & Salaries	\$	(330,033)
Fringe Benefits	\$	(204,166)
Chemicals	\$	295,480
Energy & Utilities	\$	2,538,233
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Debt Service Assistance

PFY23 Comments & Recommendations

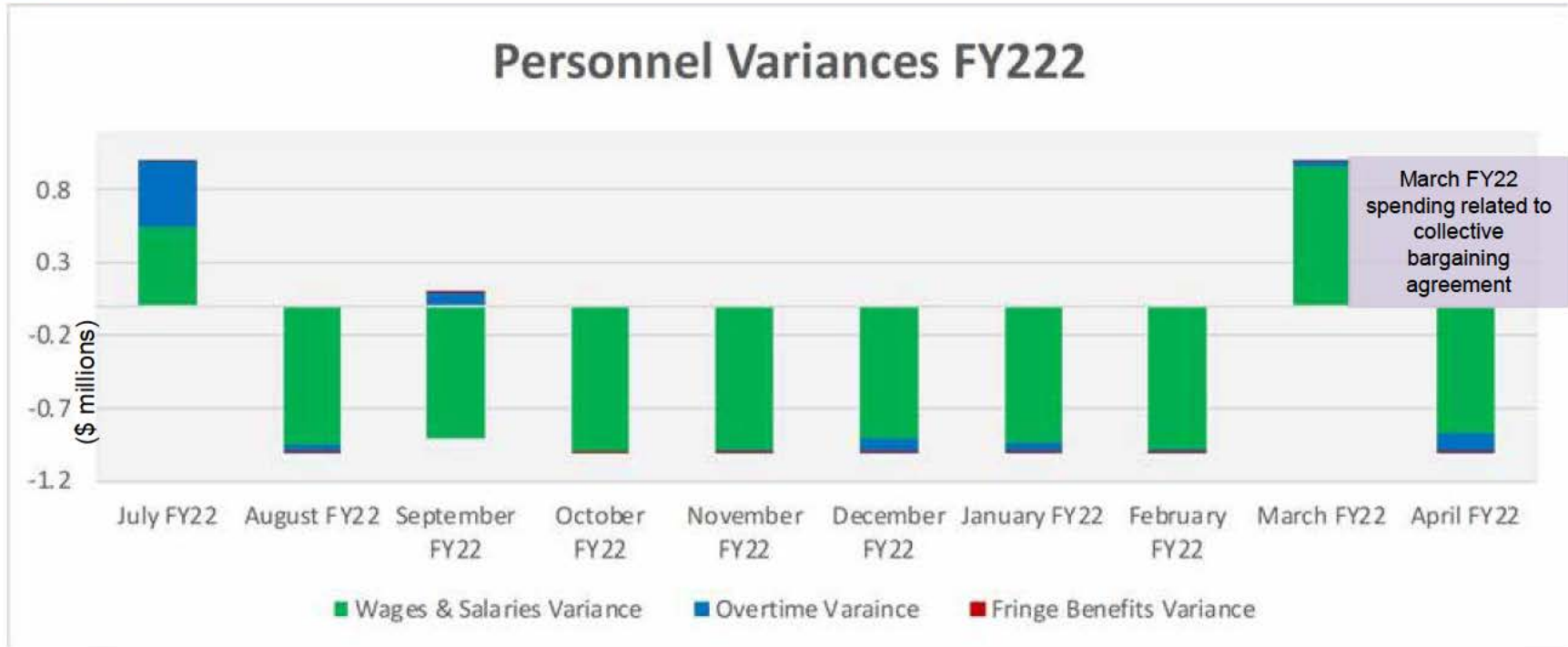
*Continuation of the Advisory Board's
"Pay it Forward" Principle, applying
FY22 Debt Service Assistance
towards FY23 Budget.*

Water: \$-105,309 Sewer: \$-1,077,185



Personnel

Personnel Variances FY22



\$8.8 million wages & salaries underspending (April 2022)



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

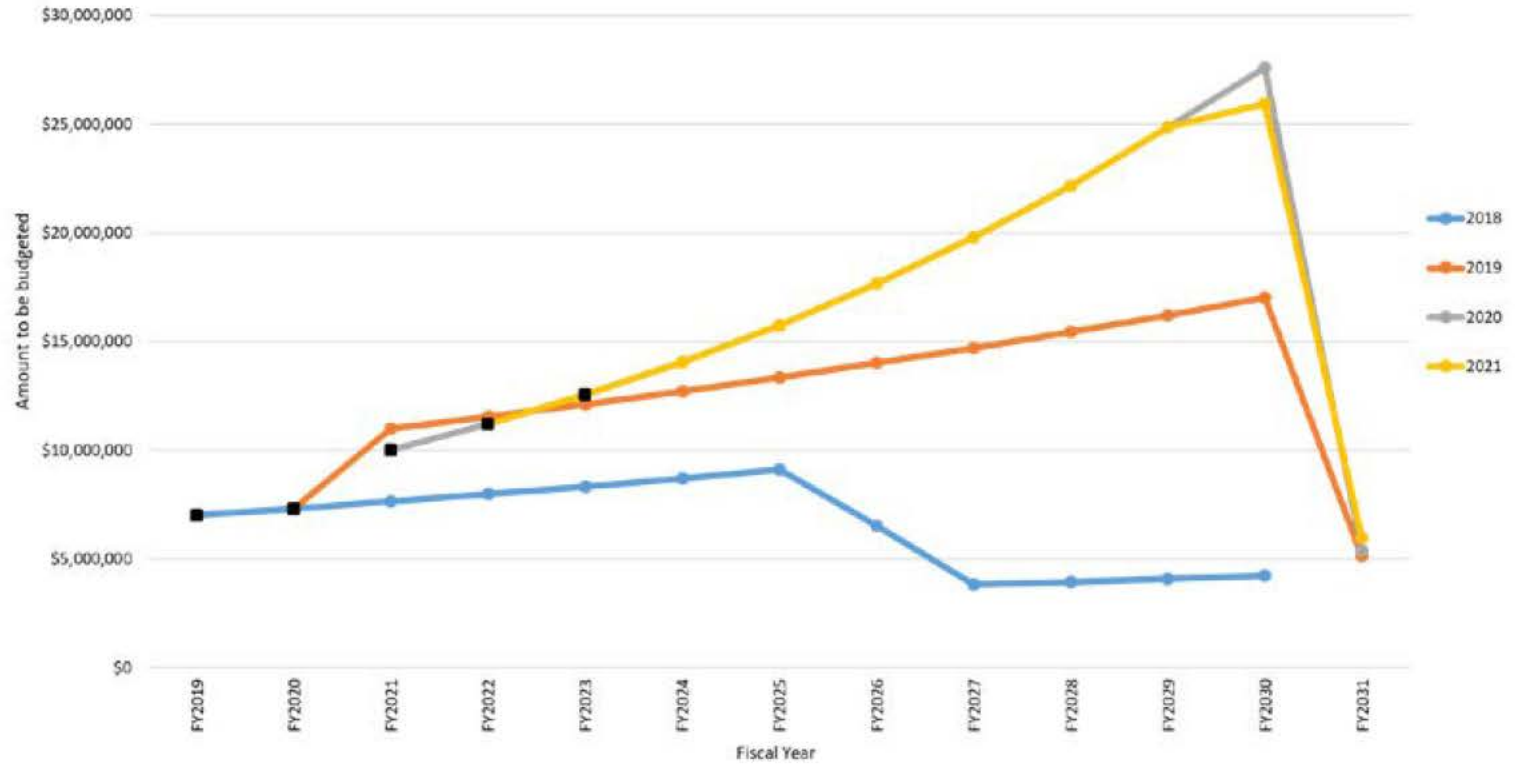


	Water	Sewer
Rate Stabilization	\$34.5 million	\$5.7 million
Bond Redemption	\$20.3 million	\$5.7 million



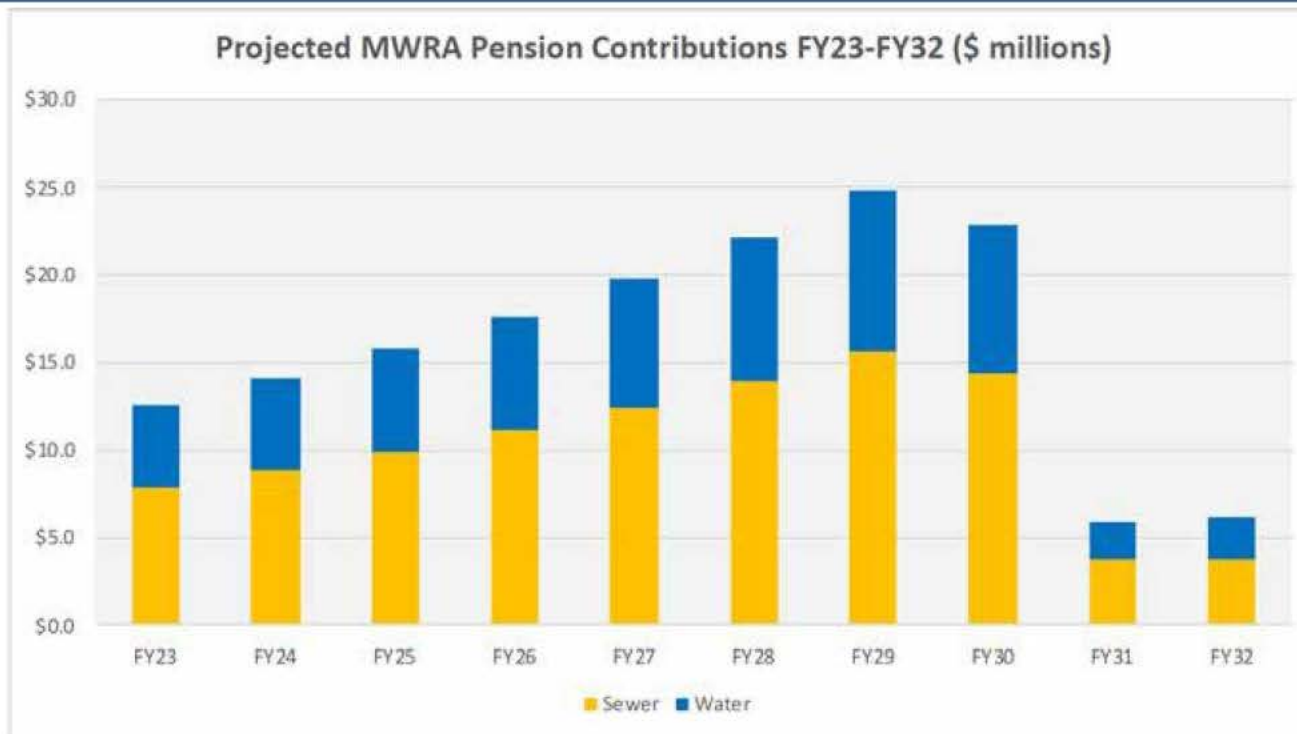
Pension

Retirement System Funding Schedules





Pension

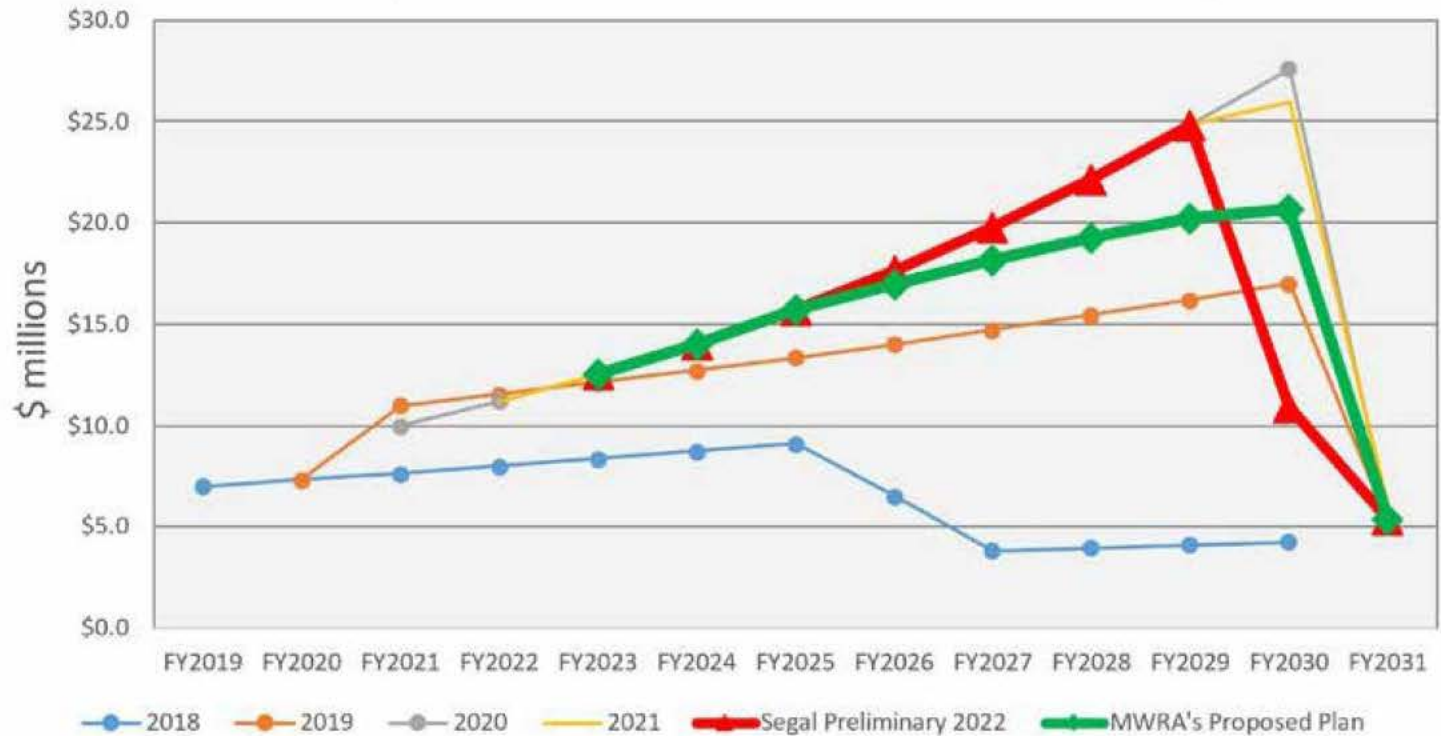


\$149.7 million in pension contributions through FY30



Pension

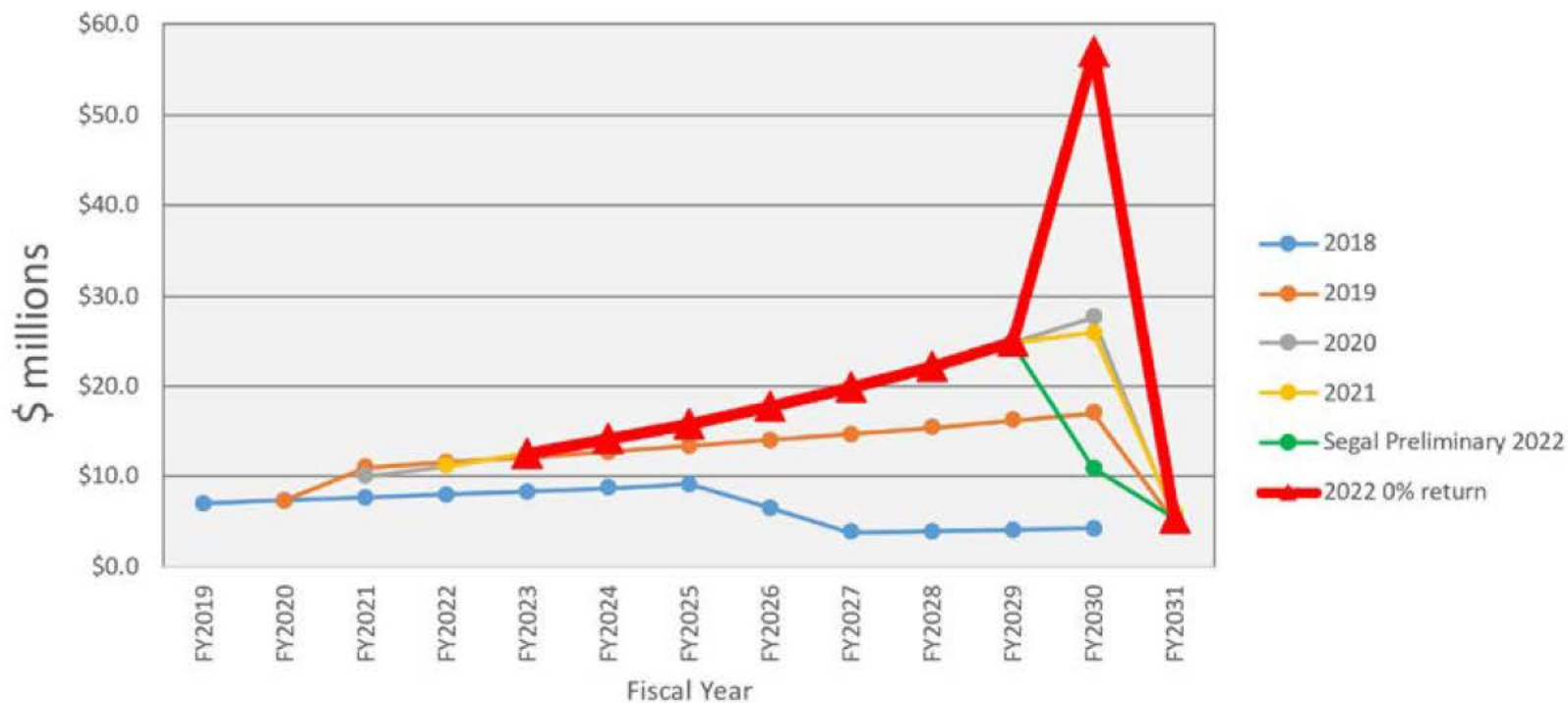
Retirement System Funding Schedules with MWRA Proposal





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

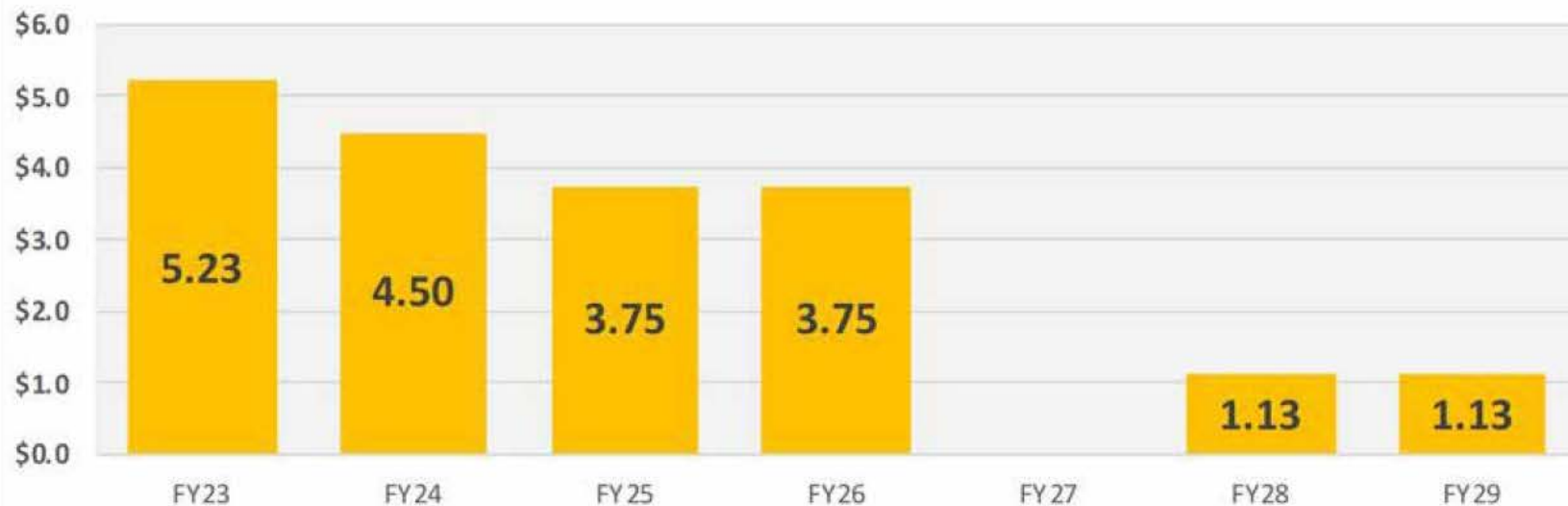
PFY23 Comments & Recommendations

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 MGL 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

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

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2.85% Combined

2.45% Sewer

3.58% Water



***MWRA Fiscal Year 2023
Current Expense Budget
Development Update***

May 25, 2022



Economic Challenges

- Inflation
- Interest Rates
- Staffing
- Supply Chain

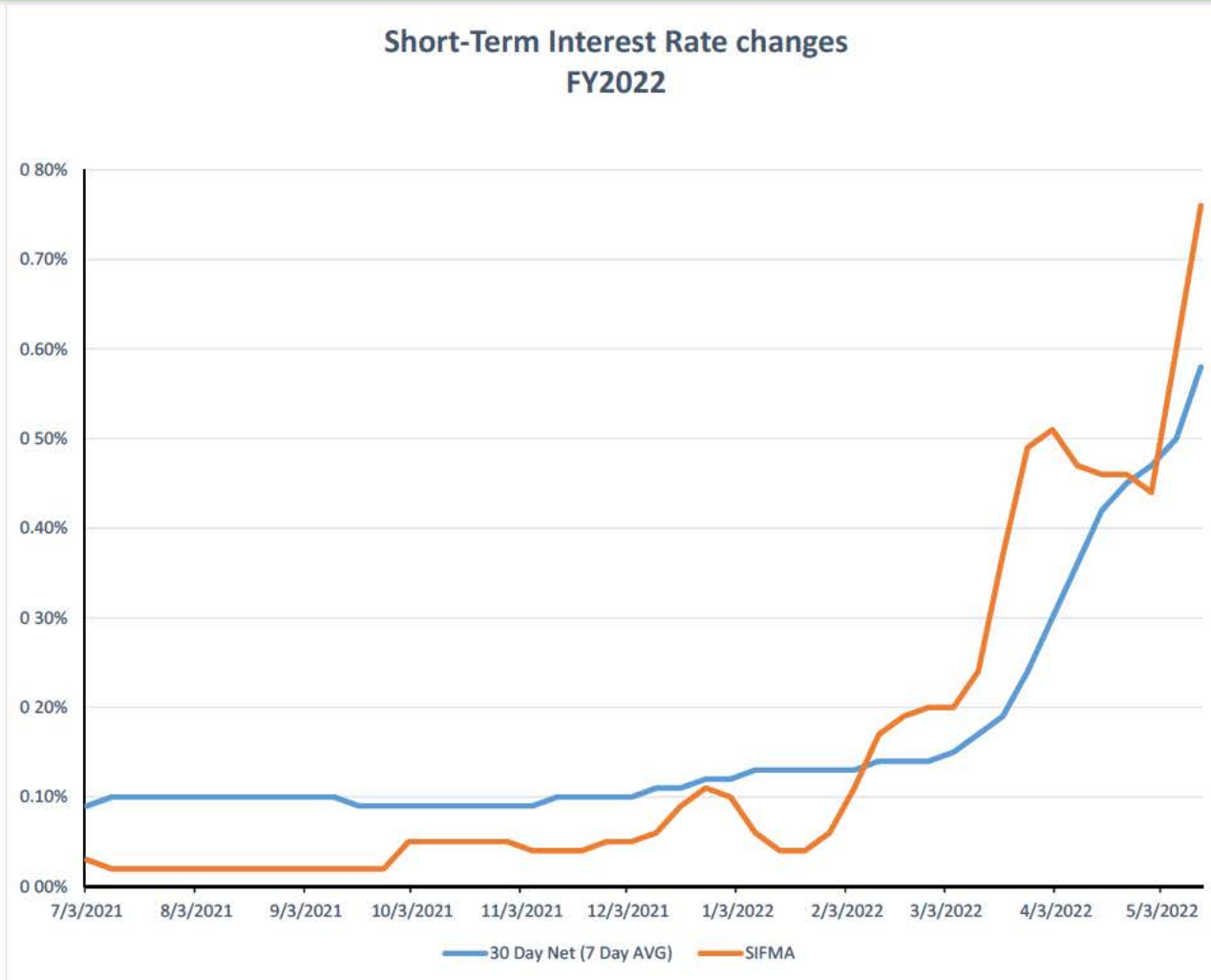


Largest Changes from the Spring Revisit

- Wages
- Utilities
- Chemicals



Short-Term Interest Rates





- Cooperation throughout the budget process
- Staff will develop formal responses to the Advisory Board's comments and recommendations
- Staff will be back in June with a Draft Final recommendation



***Thank You,
Stay Well!***



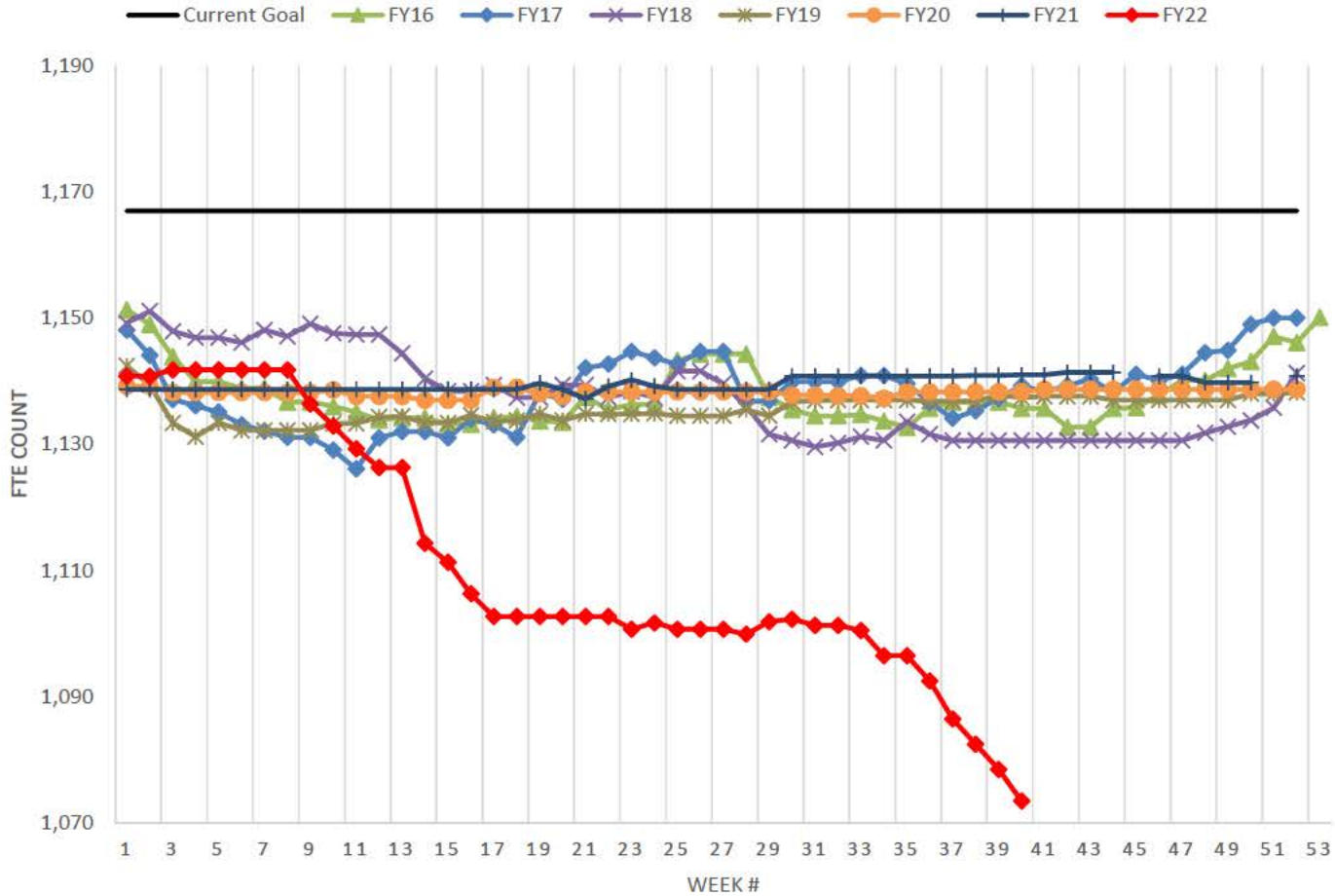


Staffing Recruitment and Retention

May 25, 2022



FTE Tracking





Multi-Pronged Strategy: Immediate and Very Short-Term Recruitment Efforts

- “Recruit” licensed operators from within
- Targeted recruiting (e.g., direct mail solicitation for operators and area supervisors)
- Recruitment/retention rates for operators and area supervisors
- Add an HR generalist position



Multi-Pronged Strategy: Ongoing and Recommended Tools and Strategies

- Increased use of social media, professional networks and virtual platforms
- Update job postings to highlight MWRA mission and commitment to DEI
- Ongoing review of job requirements
- Use of recruitment/retention rates for other hard to fill positions
- Advance the partnership with vocational technical schools
- Continued workforce development (mentor program, leadership training)
- Development of career paths
- Shadow and on the job training programs for certain positions (e.g. operators, area supervisors)



Multi-Pronged Strategy: Other Potential Short to Long-Term Strategies

- Creation of entry level positions (e.g. operator in training)
- Compensation study
- Review of overall benefits (e.g. tuition reimbursement, vacation time)
- Referral and signing bonuses



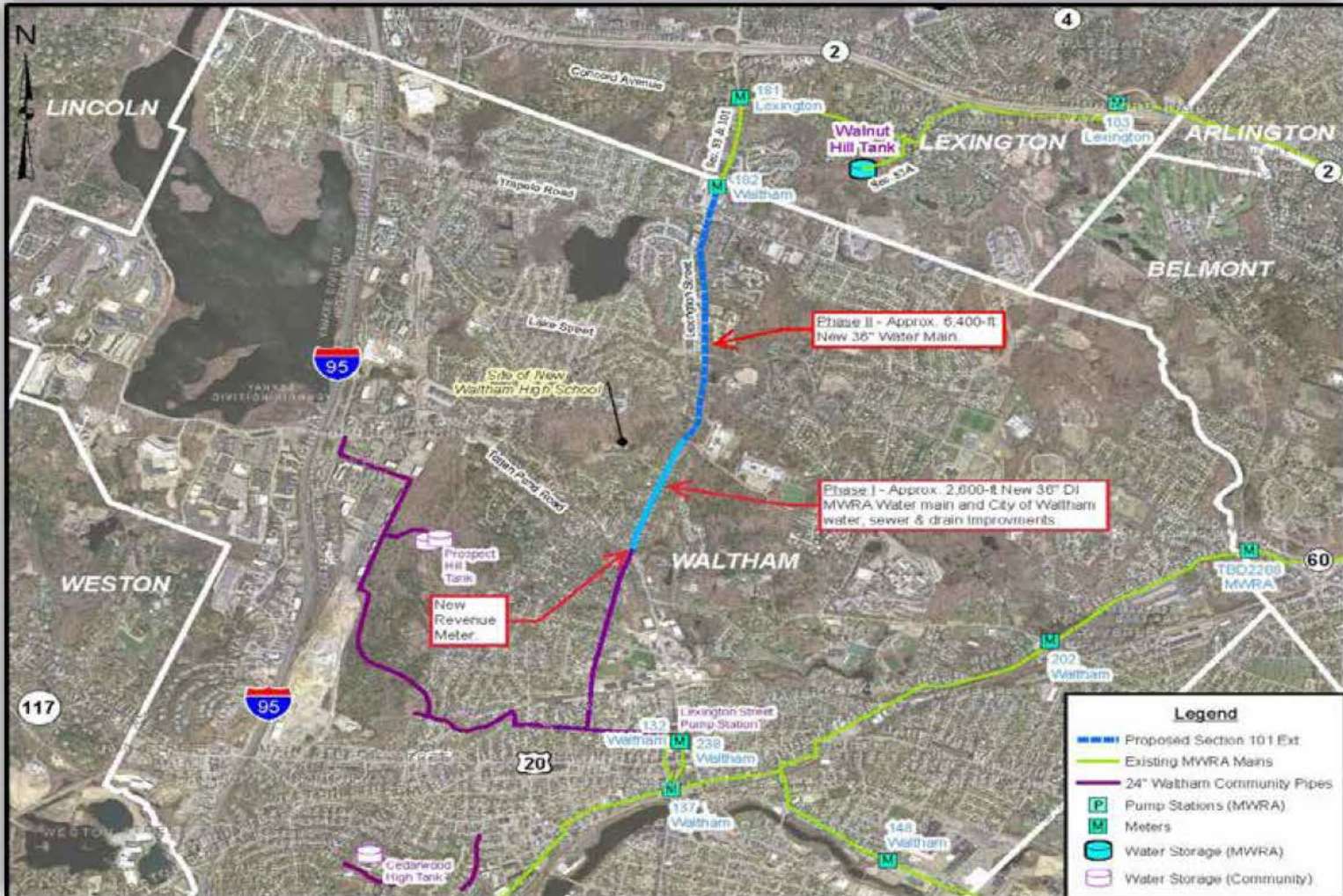


***Memorandum of Agreement between
MWRA and the City of Waltham
Section 101 Extension Waltham***

May 25, 2022



Project Map







***Marlborough Emergency Pump Station Connection
Contract 7791 - Change Order 3***

May 25, 2022



Marlborough Emergency Pump Station Connection

- As-bid excavation and slide rail support of excavation along 30-inch water main



Support of
Excavation
Slide Rail System

12 DI Fire
Protection Pipe
Support



Marlborough Emergency Pump Station Connection

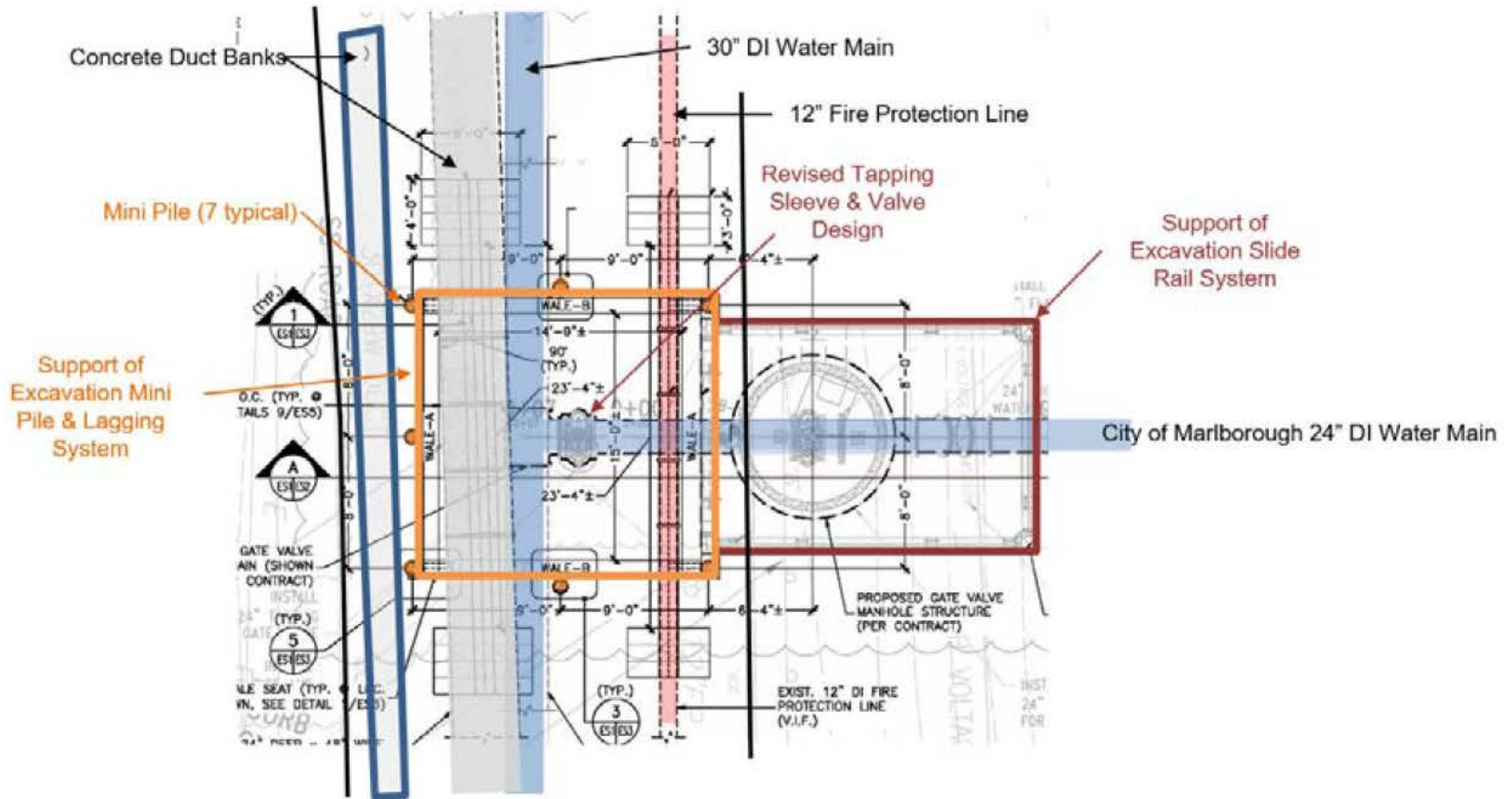
- 30-inch water main discovered outside of the slide rail support system





Marlborough Emergency Pump Station Connection – Redesign

- Revised design connection tapping sleeve and valve redesign showing as found utilities and water mains





Marlborough Emergency Pump Station Connection

- City of Marlborough Pump Station and MWRA Contract 7791 project sites

