

Appendix A

List of Recommendations

1. The Advisory Board recommends reducing the FY24 Rate Revenue Requirement by \$8,188,819 resulting in a combined wholesale assessment increase of 2.42%.
2. Advisory Board recommends a reduction of \$1,250,000 in the Wages and Salaries line item. This reduction would entail \$750,000 for the water utility and \$500,000 for the sewer utility.
3. Advisory Board recommends a reduction of \$1,550,000 to the Sludge Pelletization line item.
4. Consistent with the "two sides of the same coin" approach endorsed by the MWRA Board of Directors, and in line with previous MWRA policies (including in PFY24), the Authority should shift all water and sewer OPEB contributions PFY24 CEB to the pension line item and continue to do so until "virtual full funding" level is achieved (95%-105%).
5. The Authority should not move away the Advisory Board recommendation on shifting all OPEB contributions to pension without extending out the current pension funding schedule provided it doesn't dramatically impact the CEB Rate Revenue Requirement.
6. Advisory Board recommends reducing the Watershed Reimbursement line item by \$500,000 to account for the assumption of the carryover of surplus from FY23 to FY24.
7. The Advisory Board recommends that the MWRA take any and all actions needed to ensure that the Division of Water Supply Protection's active forestry management program is restarted and is exempted from the statewide forestry moratorium.
8. Taking into account the projected availability of surplus funds for defeasance, the Advisory Board recommends allocating \$2,850,000 towards targeting water defeasance in the final FY2024 operating budget.
9. The Advisory Board recommends continuation of the Advisory Board's "Pay it Forward" Principle, applying the FY23 Debt Service Assistance of \$1,187,297 towards the FY24 budget.
10. The Advisory Board recommends that the MWRA work collaboratively with the Advisory Board to identify additional funding from each of the stakeholders in the system expansion process – the federal government, the Commonwealth of Massachusetts, and the communities seeking to join the MWRA waterworks system.
11. The Advisory Board strongly encourages the MWRA to actively participate in all necessary efforts to safeguard the shared objective of limiting as much as possible the impacts of co-permittee language in the final Deer Island NPDES permit upon the MWRA wastewater communities and, especially, any significant adjustment to the relationship between the MWRA and its member communities.

Appendix B

List of Comments

1. The Advisory Board anticipates spring revisit item totals of \$3,613,906 on the water utility and -\$5,040,340 on the sewer utility. (Totals exclude Debt Service Assistance and adjustments to Operating Reserve).
2. The Advisory Board remains committed to reducing the levels of CIP underspending and will work with the Authority to analyze, and respond to, trends following the implementation of the 25% Spend Rate Adjustment.
3. Advisory Board, guided by its long-standing principle of "environmentally sound and ratepayer equitable," cannot endorse a plan that places a significant financial burden on ratepayers despite its environmental advantages – whether in the form of the proposed legislation's terms or the complete elimination of CSOs.

Appendix C

The Dunphy Sheet

Combined Water & Sewer Utility

IMPACTS ON RATE REVENUE REQUIREMENT			
Final FY2023 RRR	\$ 288,305,000	\$ 526,343,000	\$ 814,648,000
Proposed FY2024 RRR	\$ 299,674,000	\$ 542,871,000	\$ 842,545,600
MWRA Proposed FY24 RRR Increase	3.94%	3.14%	3.42%
AB Recommendations	\$ (312,267)	\$ (7,876,552)	\$ (8,188,819)
FY2024 RRR, less changes	\$ 299,361,733	\$ 534,994,448	\$ 834,356,781
Advisory Board Recommended FY24 RRR Increase	3.84%	1.64%	2.42%

IMPACTS ON EXPENDITURES			
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY24 CEB			
	Water	Sewer	Combined
Staffing (vacancy rate assumptions)	\$ (750,000)	\$ (500,000)	\$ (1,250,000)
Watershed	\$ (500,000)		\$ (500,000)
Targeted Water Utility Defeasance	\$ (2,850,000)		\$ (2,850,000)
Sludge Pelletization		\$ (1,550,000)	\$ (1,550,000)
Debt Service Assistance	\$ (115,168)	\$ (1,072,129)	\$ (1,187,297)
Subtotal AB Recommendations	\$ (4,215,168)	\$ (3,122,129)	\$ (7,337,297)
ANTICIPATED ADJUSTMENTS TO PROPOSED FY24 CEB			
	Water	Sewer	Sewer
Wages & Salaries	\$ 1,964,098	\$ 3,018,719	\$ 4,982,816
Overtime	\$ 52,701	\$ 99,304	\$ 152,005
Fringe Benefits	\$ 167,663	\$ 289,874	\$ 457,537
Chemicals	\$ 146,410	\$ (217,693)	\$ (71,284)
Utilities	\$ (1,221,539)	\$ (812,262)	\$ (2,033,801)
Maintenance	\$ 1,373,324	\$ 679,845	\$ 2,053,170
Professional Services	\$ 21,644	\$ 236,005	\$ 257,650
Other Materials	\$ (30,152)	\$ (112,141)	\$ (142,293)
Other Services	\$ 9,817	\$ 583,852	\$ 593,669
Insurance	\$ (68,242)	\$ (131,758)	\$ (200,000)
Watershed	\$ 1,172,733		\$ 1,172,733
HEEC		\$ 55,209	\$ 55,209
Senior Debt	\$ 1,433,709	\$ (4,982,301)	\$ (3,548,592)
Subordinate Debt	\$ 792,864	\$ 374,616	\$ 1,167,480
SRF	\$ (2,161,366)	\$ (2,161,367)	\$ (4,322,733)
Optional Debt Prepayment	\$ (39,758)	\$ (1,960,242)	\$ (2,000,000)
Subtotal of Changes to Operating Costs	\$ 3,613,906	\$ (5,040,340)	\$ (1,426,434)
OPERATING RESERVE REQUIREMENT ADJUSTMENT			
Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)			
	Water	Sewer	Combined
Operating Reserve Requirement	\$ 288,994	\$ 285,917	\$ 574,912
NET CHANGES TO PROPOSED FY24 CEB	\$ (312,267)	\$ (7,876,552)	\$ (8,188,819)