

STAFF SUMMARY




TO: Board of Directors
FROM: Frederick A. Laskey, Executive Director
DATE: February 21, 2024
SUBJECT: Preliminary FY25 Water and Sewer Assessments

COMMITTEE: Administration, Finance & Audit

INFORMATION
 VOTE

Michael Cole, Budget Director
Leo Norton, Asst. Mgr, Rates, Revenue and Finance
 Preparer/Title


Thomas J. Durkin
 Director of Finance

Consistent with the Proposed FY25 Current Expense Budget (CEB), preliminary FY25 water and sewer assessments are based on a Rate Revenue Requirement of \$859,438,000, a 3.0% increase over the FY24 Rate Revenue Requirement. This includes a 3.9% increase for water assessments, and a 2.5% increase for sewer assessments.

The preliminary FY25 Rate Revenue Requirement will be allocated to MWRA communities based on their respective shares of CY23 MWRA water use, the average of CY21-CY23 wastewater flows, corresponding strength of flows, and population.

RECOMMENDATION:

For information only. This staff summary provides information on preliminary FY25 wholesale water and sewer assessments. Staff plan to transmit preliminary FY25 assessments to MWRA communities on or before Thursday, February 22, 2024.

DISCUSSION:

The Proposed FY25 CEB recommends a Rate Revenue Requirement of \$859,438,000, an increase of 3.0% over the final FY24 requirement.

	Rate Revenue Requirement		Change from FY24	
	FY25 Preliminary	FY24 Approved	\$	Percent
Water	\$311,509,778	\$299,675,872	\$11,833,906	3.9%
Sewer	\$547,928,222	\$534,592,128	\$13,336,094	2.5%
Total	\$859,438,000	\$834,268,000	\$25,170,000	3.0%

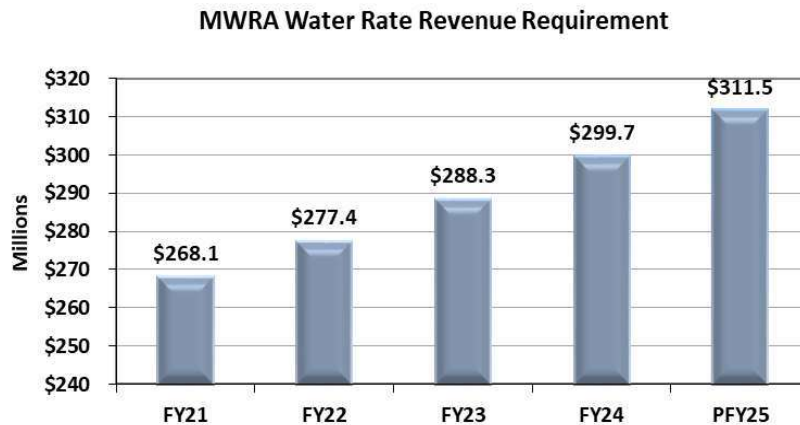
Attachment 1 summarizes preliminary FY25 wholesale water and sewer charges for each MWRA community.

The estimated annual impact of the preliminary FY25 assessment increase on the MWRA portion of the average household bill for water and sewer service in a fully served MWRA community that uses close to the system average of 61,000 gallons of water per year is approximately \$19.

Water Assessments

MWRA calculates water assessments for customer communities by apportioning the water rate revenue requirement according to each community's share of total water use for the most recent calendar year. Preliminary FY25 assessments are based on each community's share of CY23 water use of 62.282 billion gallons, a 5.7% decrease compared to CY22 water use of 66.065 billion gallons. Changes in FY25 water assessments for customer communities compared to FY24 assessments will vary considerably, depending on each community's use of water and how that use factors into their share of the water system in CY23 compared to CY22. This is particularly true for communities that receive only part of their water from MWRA.

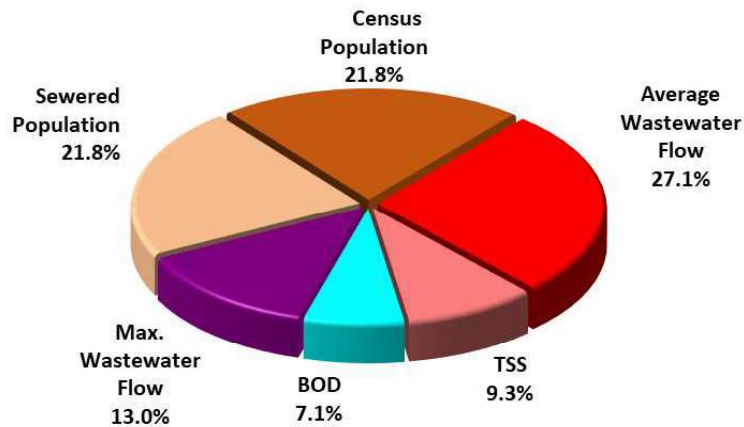
The graph below illustrates the water Rate Revenue Requirement for the past 5 years. The changes from FY24 to PFY25 are primarily the result of increased debt service related to water system rehabilitation and improvements.



Sewer Assessments

MWRA allocates sewer assessments based on each community's share of the following allocation parameters: three-year average of annual wastewater flow, maximum month flow, strength of flow, census population, and sewered population.

On average, approximately 56% of a community's preliminary FY25 sewer assessment is based on each community's share of wastewater flow and strength of flow (total suspended solids or TSS and biochemical oxygen demand or BOD), and approximately 44% is based on population as illustrated in the following graph.



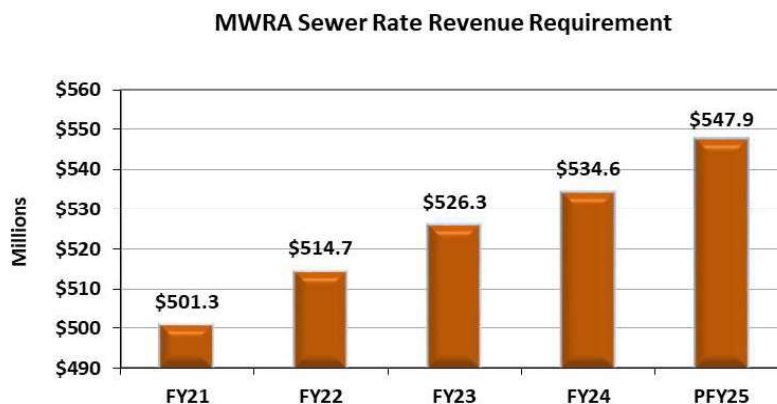
Both the preliminary and final FY25 assessments for population will be calculated using July 2022 community population estimates from the U.S. Census Bureau, as well as the percentage of total population receiving municipal sewer service reported by each MWRA community.

Preliminary FY25 assessments have also been calculated using the average of CY21, CY22 and CY23 wastewater flows. CY21 wastewater flows were estimated during the sewer system meter replacement project, and are based on the average of CY18, CY19, and CY20 flows.

Although preliminary FY25 assessments have been determined using the average of CY21, CY22 and CY23 wastewater flows, ongoing review of meter data may result in revised flows prior to issuing final assessments in June.

In addition, staff have revised CY22 wastewater flows for the City of Somerville, resulting in adjusted FY24 sewer assessments. A separate Staff Summary detailing these adjustments is being presented at this meeting.

The graph below illustrates the sewer Rate Revenue Requirement for the past 5 years. As with the water utility, the annual changes continue to be primarily the result of increased debt service related to sewer system rehabilitation and improvements.



Clinton and Lancaster Sewer Assessments

Proposed FY25 operating and maintenance (O&M) and capital expenses attributable to the Clinton Wastewater Treatment Plant are \$5,423,382, an increase of 2.1% from FY24. This includes a 2.8% decrease in operating costs, and a 13.0% increase in capital expenses.

In accordance with the agreement that allows the City of Worcester to take water from the Wachusett watershed, Worcester is charged approximately 7.9% of the direct operating expenses for the Clinton Wastewater Treatment Plant. Proposed FY25 direct operating expenses for the plant total \$2,946,184, resulting in a preliminary FY25 charge of \$233,072 for the City of Worcester. Worcester has been paying this annual charge to MWRA or its predecessors since 1914.

The Town of Clinton and the Lancaster Sewer District are allocated proportional shares of the remaining expenses based on annual metered wastewater flow to the Clinton Plant. Based on proposed FY25 expenses and CY23 wastewater flows, Lancaster's preliminary FY25 charge is \$494,950, a decrease of 2.8% from FY24.

The preliminary FY25 charge for the Town of Clinton is \$4,671,896. However, pursuant to Chapter 307, Section 8 of the Acts of 1987, Clinton is only liable for the first \$500,000 of its share of O&M and capital costs.

Attachment 2 details the expenses and corresponding charges for the Clinton Sewer Service Area.

CVA Water Assessments

Based on the Proposed FY25 CIP and CEB for the Chicopee Valley Aqueduct (CVA) water system, the preliminary FY25 system assessment is \$5,762,196, an increase of 3.0% from FY24.

MWRA's CVA water assessment methodology allocates CVA assessments to the three communities served by the CVA system based on their share of prior calendar year water use. Based on CY23 water use, preliminary FY25 assessments are as follows:

- City of Chicopee: \$4,132,069 (+5.0%)
- South Hadley Fire District #1: \$ 763,394 (-2.1%)
- Town of Wilbraham: \$ 866,734 (-1.5%)

As with the metropolitan water system, changes in preliminary FY25 water assessments for each CVA community compared to FY24 assessments vary depending on their water use and how that use factors into their share of the CVA water system in CY23 compared to CY22.

Attachment 3 details the expenses and corresponding assessments for the CVA Water Service Area.

Wholesale Water Rate

MWRA's wholesale water rate per million gallons is applied to customers purchasing MWRA water on a pay-as-you-go basis (including customers with emergency agreements). The preliminary wholesale water rate for FY25 is \$5,001.57 per million gallons. The proposed FY25 CEB includes revenue of \$149,005 from these customers.

Retail Sewer Rate

MWRA provides direct retail sewer service to Regis College in Weston and the New England Center for Children in Southborough. In accordance with MWRA Policy #OP.11, "Admission of New Community to MWRA Sewer System and Other Requests for Sewer Service to Locations Outside MWRA Sewer Service Area", both entities are charged a modified per million gallon "retail" rate that captures both sanitary and non-sanitary flows. Based on preliminary FY25 sewer assessments, the FY25 retail sewer rate will be \$8,344.55 per million gallons. The Proposed FY25 CEB includes revenue of \$73,113 from these customers.

ATTACHMENTS:

1. Preliminary FY25 Water and Sewer Assessments
2. Clinton Wastewater Treatment Plant Sewer User Charge Determination
3. Chicopee Valley Aqueduct System Assessment

MWRA Fully Served Water and Sewer Customers	Final FY24 Water Assessment	Preliminary FY25 Water Assessment	Percent Change from FY24	Final FY24 Sewer Assessment	Preliminary FY25 Sewer Assessment	Percent Change from FY24	Final FY24 Combined Assessment	Preliminary FY25 Combined Assessment	Dollar Change from FY24	Percent Change from FY24
ARLINGTON	\$5,723,767	\$5,712,333	-0.2%	\$9,375,412	\$9,565,593	2.0%	\$15,099,179	\$15,277,926	\$178,747	1.2%
BELMONT	3,281,643	3,266,674	-0.5%	5,652,772	5,735,537	1.5%	8,934,415	9,002,211	67,796	0.8%
BOSTON (BWSC)	101,284,742	110,098,866	8.7%	148,321,901	151,064,304	1.8%	249,606,643	261,163,170	11,556,527	4.6%
BROOKLINE	8,536,286	8,391,346	-1.7%	13,902,081	13,557,108	-2.5%	22,438,367	21,948,454	(489,913)	-2.2%
CHELSEA	5,466,192	5,864,232	7.3%	9,640,943	9,955,874	3.3%	15,107,135	15,820,106	712,971	4.7%
EVERETT	6,179,040	6,870,477	11.2%	10,045,294	10,439,476	3.9%	16,224,334	17,309,953	1,085,619	6.7%
FRAMINGHAM	9,526,952	9,713,338	2.0%	14,213,653	14,940,844	5.1%	23,740,605	24,654,182	913,577	3.8%
LEXINGTON	8,832,742	8,449,930	-4.3%	8,861,891	9,211,238	3.9%	17,694,633	17,661,168	(33,465)	-0.2%
MALDEN	8,565,543	8,993,255	5.0%	14,777,974	14,679,092	-0.7%	23,343,517	23,672,347	328,830	1.4%
MEDFORD	7,823,249	8,058,724	3.0%	13,530,297	14,296,516	5.7%	21,353,546	22,355,240	1,001,694	4.7%
MELROSE	3,520,729	3,873,194	10.0%	7,002,292	6,974,701	-0.4%	10,523,021	10,847,895	324,874	3.1%
MILTON	4,176,564	4,054,627	-2.9%	6,314,438	6,833,947	8.2%	10,491,002	10,888,574	397,572	3.8%
NEWTON	14,430,518	15,286,181	5.9%	23,540,735	24,621,518	4.6%	37,971,253	39,907,699	1,936,446	5.1%
NORWOOD	4,646,813	4,745,690	2.1%	9,252,685	9,430,321	1.9%	13,899,498	14,176,011	276,513	2.0%
QUINCY	14,041,679	14,699,576	4.7%	23,052,419	23,431,946	1.6%	37,094,098	38,131,522	1,037,424	2.8%
READING	2,826,508	2,860,929	1.2%	5,245,406	5,238,801	-0.1%	8,071,914	8,099,730	27,816	0.3%
REVERE	6,411,786	6,568,958	2.5%	12,448,042	12,743,041	2.4%	18,859,828	19,311,999	452,171	2.4%
SOMERVILLE	9,500,557	10,716,932	12.8%	17,759,770	17,688,600	-0.4%	27,260,327	28,405,532	1,145,205	4.2%
STONEHAM	3,617,722	3,679,567	1.7%	5,906,212	6,122,766	3.7%	9,523,934	9,802,333	278,399	2.9%
WALTHAM	11,996,268	13,014,691	8.5%	14,796,930	15,111,432	2.1%	26,793,198	28,126,123	1,332,925	5.0%
WATERTOWN	4,202,656	4,592,938	9.3%	7,004,552	7,332,350	4.7%	11,207,208	11,925,288	718,080	6.4%
WINTHROP	1,865,387	2,131,688	14.3%	3,978,407	4,058,044	2.0%	5,843,794	6,189,732	345,938	5.9%
TOTAL	\$246,457,343	\$261,644,146	6.2%	\$384,624,106	\$393,033,049	2.2%	\$631,081,449	\$654,677,195	\$23,595,746	3.7%

MWRA Sewer and Partial Water Customers	Final FY24 Water Assessment	Preliminary FY25 Water Assessment	Percent Change from FY24	Final FY24 Sewer Assessment	Preliminary FY25 Sewer Assessment	Percent Change from FY24	Final FY24 Combined Assessment	Preliminary FY25 Combined Assessment	Dollar Change from FY24	Percent Change from FY24
ASHLAND	\$0	\$0	-	\$2,924,453	\$3,000,770	2.6%	\$2,924,453	\$3,000,770	\$76,317	2.6%
BURLINGTON	1,668,047	2,642,775	58.4%	6,153,342	6,273,062	1.9%	7,821,389	8,915,837	1,094,448	14.0%
CANTON	2,490,180	2,751,185	10.5%	5,085,296	5,191,978	2.1%	7,575,476	7,943,163	367,687	4.9%
NEEDHAM	1,887,130	1,215,535	-35.6%	7,084,841	7,578,175	7.0%	8,971,971	8,793,710	(178,261)	-2.0%
STOUGHTON	103,566	98,191	-5.2%	5,714,438	5,794,175	1.4%	5,818,004	5,892,366	74,362	1.3%
WAKEFIELD	3,337,730	3,311,347	-0.8%	6,826,973	6,837,301	0.2%	10,164,703	10,148,648	(16,055)	-0.2%
WELLESLEY	4,211,496	3,269,073	-22.4%	6,630,804	7,070,548	6.6%	10,842,300	10,339,621	(502,679)	-4.6%
WILMINGTON	1,145,370	485,425	-57.6%	3,173,321	3,363,632	6.0%	4,318,691	3,849,057	(469,634)	-10.9%
WINCHESTER	2,356,818	2,038,530	-13.5%	4,875,271	5,422,587	11.2%	7,232,089	7,461,117	229,028	3.2%
WOBURN	5,851,127	5,727,248	-2.1%	10,478,117	11,227,092	7.1%	16,329,244	16,954,340	625,096	3.8%
TOTAL	\$23,051,464	\$21,539,309	-6.6%	58,946,856	61,759,320	4.8%	\$81,998,320	\$83,298,629	\$1,300,309	1.6%

MWRA Sewer-only Customers	Final FY24 Water Assessment	Preliminary FY25 Water Assessment	Percent Change from FY24	Final FY24 Sewer Assessment	Preliminary FY25 Sewer Assessment	Percent Change from FY24	Final FY24 Combined Assessment	Preliminary FY25 Combined Assessment	Dollar Change from FY24	Percent Change from FY24
BEDFORD				\$3,784,242	\$3,909,747	3.3%	\$3,784,242	\$3,909,747	\$125,505	3.3%
BRAINTREE				10,766,148	10,678,578	-0.8%	10,766,148	10,678,578	(87,570)	-0.8%
CAMBRIDGE				30,213,141	31,600,984	4.6%	30,213,141	31,600,984	1,387,843	4.6%
DEDHAM				6,409,056	6,360,670	-0.8%	6,409,056	6,360,670	(48,386)	-0.8%
HINGHAM SEWER DISTRICT				2,172,503	2,179,366	0.3%	2,172,503	2,179,366	6,863	0.3%
HOLBROOK				2,028,551	2,139,314	5.5%	2,028,551	2,139,314	110,763	5.5%
NATICK				6,408,947	6,702,363	4.6%	6,408,947	6,702,363	293,416	4.6%
RANDOLPH				7,144,574	7,399,079	3.6%	7,144,574	7,399,079	254,505	3.6%
WALPOLE				4,614,313	4,709,115	2.1%	4,614,313	4,709,115	94,802	2.1%
WESTWOOD				3,249,150	3,195,909	-1.6%	3,249,150	3,195,909	(53,241)	-1.6%
WEYMOUTH				14,230,541	14,260,728	0.2%	14,230,541	14,260,728	30,187	0.2%
TOTAL				\$91,021,166	\$93,135,853	2.3%	\$91,021,166	\$93,135,853	\$2,114,687	2.3%

MWRA Water-only Customers	Final FY24 Water Assessment	Preliminary FY25 Water Assessment	Percent Change from FY24	Final FY24 Sewer Assessment	Preliminary FY25 Sewer Assessment	Percent Change from FY24	Final FY24 Combined Assessment	Preliminary FY25 Combined Assessment	Dollar Change from FY24	Percent Change from FY24
LYNNFIELD WATER DISTRICT	\$945,917	\$921,724	-2.6%				\$945,917	\$921,724	(\$24,193)	-2.6%
MARBLEHEAD	3,130,039	3,050,397	-2.5%				3,130,039	3,050,397	(79,642)	-2.5%
NAHANT	592,489	568,219	-4.1%				592,489	568,219	(24,270)	-4.1%
SAUGUS	5,446,924	5,375,198	-1.3%				5,446,924	5,375,198	(71,726)	-1.3%
SOUTHBOROUGH	1,202,081	1,088,624	-9.4%				1,202,081	1,088,624	(113,457)	-9.4%
SWAMPSCOTT	2,610,031	2,501,555	-4.2%				2,610,031	2,501,555	(108,476)	-4.2%
WESTON	2,867,622	2,467,663	-13.9%				2,867,622	2,467,663	(399,959)	-13.9%
TOTAL	\$16,795,103	\$15,973,380	-4.9%				\$16,795,103	\$15,973,380	(\$821,723)	-4.9%

MWRA Partial Water-only Customers	Final FY24 Water Assessment	Preliminary FY25 Water Assessment	Percent Change from FY24	Final FY24 Sewer Assessment	Preliminary FY25 Sewer Assessment	Percent Change from FY24	Final FY24 Combined Assessment	Preliminary FY25 Combined Assessment	Dollar Change from FY24	Percent Change from FY24
DEDHAM-WESTWOOD WATER DISTRICT	\$670,890	\$911,736	35.9%				\$670,890	\$911,736	\$240,846	35.9%
LYNN (LWSC)	133,677	163,829	22.6%				133,677	163,829	30,152	22.6%
MARLBOROUGH	7,138,193	7,395,364	3.6%				7,138,193	7,395,364	257,171	3.6%
NORTHBOROUGH	1,476,411	1,553,376	5.2%				1,476,411	1,553,376	76,965	5.2%
PEABODY	3,952,791	2,328,638	-41.1%				3,952,791	2,328,638	(1,624,153)	-41.1%
TOTAL	\$13,371,962	\$12,352,943	-7.6%				\$13,371,962	\$12,352,943	(\$1,019,019)	-7.6%
SYSTEMS TOTAL	\$299,675,872	\$311,509,778	3.9%	\$534,592,128	\$547,928,222	2.5%	\$834,268,000	\$859,438,000	\$25,170,000	3.0%

Massachusetts Water Resources Authority
Clinton Wastewater Treatment Plant
Sewer User Charge Determination

BUDGETED EXPENSES: Preliminary FY25	
Clinton Direct Operating Expenses:	\$2,946,184
MWRA Support Allocation:	625,577
Subtotal O&M Expenses:	\$3,571,761
Total Debt Service Expenses:	\$1,851,621
Total Clinton Service Area Expenses	\$5,423,382
Less Revenue (City of Worcester Payment)	-233,072
Clinton WWTP Rate Revenue Requirement:	\$5,190,309

WASTEWATER FLOW and FLOW SHARES:	CY2023		
	Town of Clinton Flow	Lancaster Sewer District Flow	Total Wastewater Flow
Average Daily Flow (MGD)	2.861	0.318	3.179
Average Flow (MG/YR)	1,044,406	115,892	1,160,297
Proportional Share of Flow	90.01%	9.99%	100.0%

Sewer User Charge Determination

TOWN OF CLINTON	
O&M Expenses	\$3,571,761
Less Revenue (City of Worcester Payment)	-233,072
O&M Expenses to be Recovered	\$3,338,688
Clinton's Share of Flow	90.01%
Clinton's Share of O&M Costs	\$3,005,217
Total Clinton O&M Charge	\$3,005,217
Debt Service Costs to be Recovered	\$1,851,621
Clinton's Share of Wastewater Flow	90.01%
Total Clinton Debt Service Charge	\$1,666,679
Total Clinton O&M and Debt Service Charge	\$4,671,896
Less MWRA Water Ratepayer Subsidy	-4,171,896
Billable Charge to the Town of Clinton as per CH. 307, Section 8 The Acts of 1987	\$500,000

LANCASTER SEWER DISTRICT	
O&M Expenses	\$3,571,761
Less Revenue (City of Worcester Payment)	-233,072
O&M Expenses to be Recovered	\$3,338,688
Lancaster's Share of Flow	9.99%
Lancaster's Share of O&M Costs	\$333,471
Total Lancaster Sewer District O&M Charge	\$333,471
Debt Service Costs to be Recovered	\$1,851,621
Lancaster's Share of Wastewater Flow	9.99%
Total Lancaster Sewer District Debt Service Charge	\$184,942
Total Lancaster O&M and Debt Service Charge	\$518,413
Billable Charge to Lancaster Sewer District	\$518,413

Clinton WWTP Charges and Payment Schedule

Sewer Customer	Billable Charges	Change from Prior Year	
		Amount	Percentage
Town of Clinton (billable)	\$500,000	\$0	3.6%
Lancaster Sewer District (before adj.)	\$518,413		
Lancaster Sewer District (prior yr. adj.)	-\$23,463		
Lancaster Sewer District (billable)	\$494,950	-\$14,180	-2.8%
Total Billable Sewer Use Charges	\$994,950		
City of Worcester	\$233,072	-\$8,735	-3.6%

Payment 1 on or before Sept 15, 2024	Payment 2 on or before Nov 15, 2024	Payment 3 on or before Feb 15, 2025	Payment 4 on or before May 15, 2025
\$125,000	\$125,000	\$125,000	\$125,000
\$123,738	\$123,738	\$123,738	\$123,738
\$248,738	\$248,738	\$248,738	\$248,738
\$0	\$0	\$233,072	\$0

Massachusetts Water Resources Authority

Chicopee Valley Aqueduct Water System Assessment

FY2025 Budget and Assessments

CVA Operating Budget	FY24	PFY25	Change from Prior Year	
			Dollars	Percent
CVA Cost Center Expenses	\$1,210,632	\$1,110,174	-\$100,458	-8.3%
Allocated Waterworks Expenses	143,193	145,897	2,704	1.9%
Allocated Watershed/PILOT	502,979	496,124	-6,855	-1.4%
Allocated Watershed Land Acquisition	28,853	28,040	-813	-2.8%
Allocated MWRA Indirect Expenses	702,601	702,117	-484	-0.1%
SUBTOTAL OPERATING BUDGET	\$2,588,257	\$2,482,352	-\$105,905	-4.1%

CVA Capital Budget	FY24	PFY25	Change from Prior Year	
			Dollars	Percent
Capital Expenses	\$3,153,967	\$3,456,614	\$302,647	9.6%
TOTAL CVA BUDGET	\$5,742,224	\$5,938,966	\$196,742	3.4%

BASE COMMUNITY ASSESSMENT	FY24 ¹	PFY25 ²	Change from Prior Year	
			Dollars	Percent
Chicopee	\$4,037,457	\$4,254,969	\$217,513	5.4%
South Hadley Fire District #1	801,557	789,662	-11,895	-1.5%
Wilbraham	903,210	894,335	-8,876	-1.0%
CVA BASE SYSTEM ASSESSMENT	\$5,742,224	\$5,938,966	\$196,742	3.4%

PRIOR PERIOD ADJUSTMENTS ³	FY24	PFY25	Change from Prior Year	
			Dollars	Percent
Chicopee	-\$102,827	-\$122,901	-\$20,073	19.5%
South Hadley Fire District #1	-22,020	-26,268	-4,249	19.3%
Wilbraham	-23,141	-27,601	-4,460	19.3%
TOTAL ADJUSTMENTS	-\$147,988	-\$176,770	-\$28,782	19.4%

ADJUSTED ASSESSMENT	FY24	PFY25	Change from Prior Year	
			Dollars	Percent
Chicopee	\$3,934,629	\$4,132,069	\$197,440	5.0%
South Hadley Fire District #1	779,537	763,394	-16,144	-2.1%
Wilbraham	880,070	866,734	-13,336	-1.5%
ADJUSTED ASSESSMENT	\$5,594,236	\$5,762,196	\$167,960	3.00%

¹ Based on CY2022 water use and before prior period adjustments.

² Based on CY2023 water use and before prior period adjustments.

³ Prior period adjustment to account for budget to actual expenses.