FY 2027

Comments and Recommendations

on the MWRA's Proposed
Capital Improvement Program
and
Current Expense Budget

MWRA Advisory Board

Representing 60 cities and towns served by the Massachusetts Water Resources Authority

May 2026

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The MWRA Advisory Board...

was established by the State Legislature to represent 60 communities in the MWRA service area. Through annual comments and recommendations on the Authority's proposed capital and current expense budgets and rates, the Advisory Board provides a ratepayer perspective on the MWRA's plans and policies to improve the region's water and sewer systems.

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Introduction

The Massachusetts Water Resources Authority's Proposed Fiscal Year 2027 budget, at first glance, reflects stability. Rate increases remain measured, operations continue at a high level, and the overall financial framework appears disciplined and familiar.
That stability, however, is not incidental. It is the product of decades of collaboration between the MWRA and the Advisory Board—at times contentious, at others in concert.

Over time, that relationship evolved into a shared approach to rate-setting grounded in sustainable and predictable assessments for member communities. That approach has since matured into a structured and trusted framework—one that communities now rely upon in their own financial planning.

In many respects, that evolution represents one of the MWRA's quiet successes. The ability to balance environmental progress, infrastructure investment, and ratepayer impact has not come easily, and it has required sustained discipline on all sides. The Advisory Board's role in that process has remained consistent: to ensure that decisions are viewed through the lens of the communities and ratepayers that ultimately fund the system, while supporting the MWRA's core mission.

That work has long been guided by a simple but durable principle—that investments must be not only environmentally sound, but also equitable and responsible for the ratepayers who support them. Over time, this perspective has played a meaningful role in shaping how tradeoffs are evaluated, how investments are prioritized, and how success is defined across the system.

What is changing is not that principle, but the context in which it must now be applied.

The MWRA is entering a new era defined by overlapping and long-term pressures: major capital commitments, aging infrastructure, the impacts of climate change, workforce needs, pension and OPEB obligations, regulatory uncertainty, market constraints and increasing operational complexity. Each of these challenges is manageable on its own. Taken together, however, they introduce a level of cumulative pressure that is fundamentally different from what the system has navigated in the past.

In that environment, affordability can no longer be assessed in isolation—by project, by program, or by a single fiscal year. It must be evaluated more comprehensively, with attention to how individual decisions interact, accumulate, and shape the long-term trajectory of the system and its rates, including whether costs are justified, clearly assigned, transparently presented, and planned for future conditions rather than based solely on historical assumptions.

The MWRA's Proposed Fiscal Year 2027 budget reflects this moment of transition. It is not defined by immediate disruption, nor does it signal a departure from the approach that has guided the Authority to date. Instead, it highlights the need to assess whether that approach remains sufficient for the challenges ahead, and where it may need to evolve to meet them responsibly.

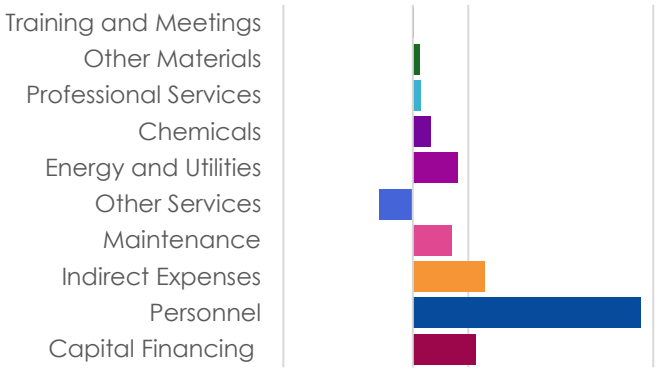
The Advisory Board's focus in this year's *Comments and Recommendations on the MWRA's Proposed FY 2027 Current Expense Budget and Capital Improvement Program* is therefore twofold: to continue supporting near-term stability while also widening the lens through which long-term affordability, system sustainability, and responsible decision-making are evaluated.

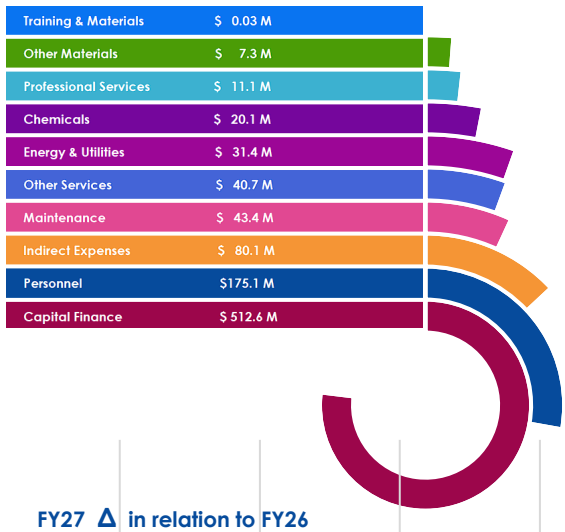
Proposed Fiscal Year 2027 CEB

Authority Level - Expenses

	Final FY26	Proposed FY27	Change ($)	Change (%)
Total Direct Expenses	**$ 327,980,259**	**$ 344,824,453**	**$ 16,844,194**	**5.1%**
Personnel	172,776,847	185,076,263	12,299,416	7.1%
Chemicals	19,307,228	20,284,003	976,775	5.1%
Energy and Utilities	33,579,064	36,029,486	2,450,422	7.3%
Maintenance	43,622,667	45,726,654	2,103,987	4.8%
Training and Meetings	689,741	720,171	30,430	4.4%
Professional Services	11,302,703	11,735,894	433,191	3.8%
Other Materials	7,656,637	8,004,132	347,495	4.5%
Other Services	39,045,372	37,247,850	(1,797,522)	-4.6%
Indirect Expenses	**$ 83,018,814**	**$ 86,906,205**	**$ 3,887,391**	**4.7%**
Capital Financing	**$ 508,709,953**	**$ 512,106,474**	**$ 3,396,521**	**0.7%**
Total Expenses	**$ 919,709,026**	**$ 943,837,132**	**$ 24,128,106**	**2.6%**

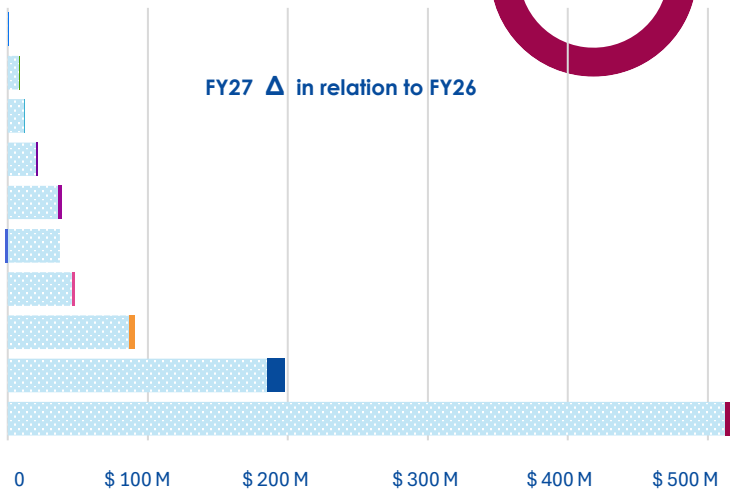
▲ from FY26 **PFY27 ⬆ $ 24 M**





PFY27 Proposed Budget Highlights

Personnel	↑ $12.3M
Indirect Expenses	↑ $3.9M
Capital Financing	↑ $3.4M
Energy & Utilities	↑ $2.4M
Maintenance	↑ $2.1M
Other Services	↓ $1.8M
Chemicals	↑ $0.9M



FY 2027 CEB OVERVIEW

The proposed Preliminary Fiscal Year 2027 (PFY27) Current Expense Budget (CEB) is set at **$943,837,131**, representing a **$24,128,104** (2.6%) increase over the FY26 budget. The budget is designed to support a combined rate revenue increase of **3.0%**, which breaks down to a **3.94%** increase for water and a **2.44%** increase for sewer.

High-Level Expense Summary

Total spending is categorized into three main areas:

- Capital Expenses: **$512,106,474** (54% of total budget). This category covers debt service and related costs, seeing a modest 0.7% (**$3.4M**) increase over FY26.
- Direct Program Expenses: **$344,824,452** (37% of total budget). These costs are projected to grow by 5.1% (**$16.8M**).
- Indirect Expenses: **$86,906,205** (9% of total budget). This area is increasing by 4.7% (**$3.9M**).

Key Budget Drivers and Variances

1. Direct Program Expenses (+ $16.8M Direct Increase), led by Personnel and Benefits

Growth in direct expenses is largely driven by personnel-related costs, including a $12.3 million increase in Personnel. Wages and Salaries are increasing by 6.8%, reflecting a net increase of 1.2 Full-Time Equivalents (FTEs) and a vacancy adjustment held flat at **$10.5 million**. Furthermore, Fringe Benefits are rising by more than 15.5%, almost entirely due to a projected 15% increase in health insurance rates pending final GIC schedules.

2. Energy and Utilities (+ 7.3%)

This category is increasing by approximately **$2.5 million**, primarily driven by electricity costs. Significant rate increases (3) in calendar year 2025 are expected to impact Deer Island Treatment Plant costs by **$2.1 million** alone, necessitating a budget "rightsizing" for FY27.

3. Maintenance and Services

Maintenance: Increasing by **$2.1 million** (4.8%), driven predominantly by a **$2.4 million** project for the oxygen generation facility compressor at Deer Island.

Other Services: Decreasing by **$1.8 million** (4.6%), primarily due to sludge pelletization contract inflation adjustments.

4. Retirement and Watershed (Indirect Drivers)

Indirect expense growth is driven by a **$1.0 million** increase in watershed costs and a **$2.1 million** (7.8%) increase in pension contributions. Additionally, **$6.5 million** is allocated toward the Authority's goal of fully funding the Pension Fund by 2030.

Revenue and Financing Assumptions

- Rate Revenue Requirement: The budget requires **$905,063,724** from member communities.
- Non-Rate Revenue: Projected to decrease by **$2.2 million** (5.3%) to **$38.8 million**.
- Investment Income: Anticipated to drop by **$3.1 million** (13%) because the short-term interest rate assumption was lowered from 3.75% to 2.99%.
- Debt Management: A **$10.5 million** debt prepayment is used as a strategic lever to maintain the 3.0% rate increase target.
- Reserves: There are no plans to use rate stabilization funds in PFY27.

Rate Recommendation and Spring Revisit Adjustments

The Value of Spring Revisits

The proposed Current Expense Budget process begins well before the budget is transmitted to the Advisory Board in February and necessarily relies on assumptions developed earlier in the fiscal year. As the budget review process continues, more current information may become available on contract pricing, benefit costs, operational projections, and other budget inputs. MWRA refers to these late-stage updates as **Spring Revisits**.

Spring Revisits are an important part of the budget review process. They allow MWRA and the Advisory Board to consider updated information that becomes available after the proposed budget is released, but before the Advisory Board finalizes its Comments and Recommendations. Incorporating these updates, where available by the time of publication, helps ensure that the Advisory Board's recommendations are based on a more realistic view of the budget likely to be presented for final adoption. That accuracy matters because communities rely on the budget record to understand not only the final assessment number, but the assumptions and decisions that produced it. A public budget is not merely an accounting document; it is the clearest statement of what an institution intends to do, what it expects communities to fund, and what priorities it is asking ratepayers to support.

That value should be preserved. A budget review that ignores updated information would be less accurate and less useful to member communities. Spring Revisits improve the process when they refine existing assumptions, update known cost drivers, or incorporate finalized information that was not available when the proposed budget was transmitted.

Water		
Wages & Salaries	$	(36,134)
Overtime	$	39
Fringe Benefits	$	(521,387)
Workers Comp	$	(8,232)
Chemicals	$	(272,682)
Energy & Utilities	$	18,056
Maintenance	$	2,274,205
Training and Meetings	$	584
Professional Services	$	376,901
Other Materials	$	27,545
Other Services	$	(68,018)
Subtotal of Changes to Operating Costs	**$**	**1,790,877**

Sewer		
Wages & Salaries	$	222,649
Overtime	$	2,961
Fringe Benefits	$	(861,794)
Workers Comp	$	8,232
Chemicals	$	(207,733)
Energy & Utilities	$	(28,450)
Maintenance	$	3,990,456
Training and Meetings	$	4,418
Professional Services	$	273,099
Other Materials	$	97,759
Other Services	$	2,196,442
Subtotal of Changes to Operating Costs	**$**	**5,698,039**

When Refinement Becomes Redefinition

The usefulness of Spring Revisits, however, depends on maintaining a clear distinction between refining the budget and changing the nature of what communities are being asked to fund.

Spring Revisits should refine the budget, not redefine the budget.

That distinction matters because communities rely on MWRA's budget process not only for the final rate number, but for a clear and predictable record of how that number is developed. The proposed budget sets expectations. The Advisory Board's Comments and Recommendations provide the formal review on behalf of the communities and ratepayers who fund the system. This is the Advisory Board's lane in the budget process: not simply to respond to the final rate number, but to test the assumptions, timing, and presentation that shape it.

The FY27 landfill disposal assumption illustrates why this distinction matters in practice.

The FY27 Landfill Disposal Assumption

MWRA's Proposed FY27 Current Expense Budget included approximately **$2.4 million** for landfill disposal costs associated with sludge pelletization. Through the Spring Revisit process, MWRA added approximately **$2.2 million** based on updated assumptions, bringing the total landfill-related exposure to approximately **$4.6 million**.

The Advisory Board recognizes that residuals management is a real and significant long-term issue for MWRA. PFAS-related uncertainty, evolving regulatory expectations, and the future of biosolids management all deserve serious attention. This is not a new risk, nor is it an illegitimate area of concern.

The question is whether ratepayers should be asked to fund this specific assumption in FY27.

The Advisory Board does not believe that the likelihood of PFAS regulations, legislation, or other requirements compelling landfill disposal within FY27 is sufficient to justify including these costs in the FY27 Rate Revenue Requirement. For that reason, the Advisory Board recommends removing both the amount included in the proposed budget and the additional amount added through Spring Revisits.

The substantive budget conclusion is straightforward: if the Advisory Board would not recommend funding the underlying landfill disposal assumption in the proposed budget, it likewise would not recommend funding an increase to that same assumption through Spring Revisits.

The process concern, however, extends beyond this single line item.

When a known but uncertain cost changes materially between the proposed budget and Spring Revisits, the change should be understood not only as an updated estimate, but as a change in the funding assumption communities are being asked to support. That distinction is especially important where the cost depends on uncertain future regulatory or legislative action.

The Spring Revisit increase also points to a broader budgeting concern. If MWRA believes a known, uncertain, and potentially material cost may need to be funded in the upcoming fiscal year, the stronger practice is to present that exposure clearly in the proposed budget so it can be reviewed through the normal Advisory Board review process. It is easier, and more consistent with the Advisory Board's role, to review and recommend reducing a conservative assumption than to evaluate an increased funding request late in the process. Put simply, a predictable budget process is better served by proposing the risk clearly and reducing it if warranted, rather than increasing the ratepayer ask after the proposed budget has already set community expectations.

Protecting the Proposed-to-Final Budget Framework

This issue is modest in the context of the full MWRA budget, but the principle is not. Seemingly technical process choices can become larger governance precedents when they change how costs enter the rate base, how obligations are assigned, or how clearly communities can evaluate what they are being asked to fund. The Advisory Board is raising it because the budget process itself is part of the ratepayer protection framework that communities have come to rely upon.

For many years, the proposed-to-final budget process has operated with an important expectation: final assessments should not exceed proposed assessments absent clear and timely explanation. That expectation matters. Communities build local budgets around preliminary assessment information, and they rely on the Advisory Board's review to test the assumptions behind the dollars they are ultimately asked to fund.

If Spring Revisits are used too broadly, they could weaken that framework. A future adjustment could introduce a material cost, expanded obligation, or new initiative after the Advisory Board's primary review has concluded but before final budget adoption. In that circumstance, the concern would not be limited to the size of the rate impact. The deeper concern would be that both the initiative and the cost could move into the final budget without the level of Advisory Board review and community visibility that the budget process is designed to provide.

That is not the issue presented by the FY27 landfill disposal assumption. Here, the cost was tied to a known risk and the Advisory Board has addressed it through its recommendation. But the example points to a process vulnerability that should be corrected before it becomes more consequential.

Spring Revisits should remain part of the budget process. They make the final review more accurate. But their role should be clearer. Technical updates to existing assumptions, material changes to known contingencies, and new or expanded funding requests should remain distinguishable from one another. That clarity protects MWRA, the Advisory Board, and member communities alike.

Final Rate Recommendation

MWRA's For FY27, MWRA's Proposed Current Expense Budget included a combined Rate Revenue Requirement of **$905.064 million**, representing a **2.99%** increase over FY26. As part of its review, the Advisory Board considered the Spring Revisit adjustments available at the time of publication and applied its own recommendations to the proposed and revised budget assumptions.

The Spring Revisit adjustments increased operating costs by **$7.5 million** on a combined basis, including **$1.8 million** on the water side and **$5.7 million** on the sewer side. The Advisory Board's recommendations reduced proposed costs by approximately **$11.2 million**, including **$2.1 million** on the water side and **$9.1 million** on the sewer side. After applying the corresponding operating reserve adjustment of **$618,907**, the net reduction to the proposed FY27 Rate Revenue Requirement is **$4.3 million**.

The resulting Advisory Board recommendation is a combined FY27 Rate Revenue Requirement of **$900.732 million**, reducing the proposed combined wholesale assessment increase from **2.99%** to **2.50%**.

Ratepayer protection is not measured only by the size of a reduction in any single year. It is also reflected in the discipline of testing assumptions, preserving the integrity of the review process, distinguishing refined estimates from expanded obligations, and ensuring that communities and ratepayers are asked to fund the right dollars, for the right reasons, through the right process.

Recommendation: The Advisory Board recommends reducing the FY27 Rate Revenue Requirement by $4,332,350, resulting in a combined wholesale assessment increase of 2.50%. The detailed water, sewer, and combined calculations supporting this recommendation are included in Appendix C: Dunphy Sheet.

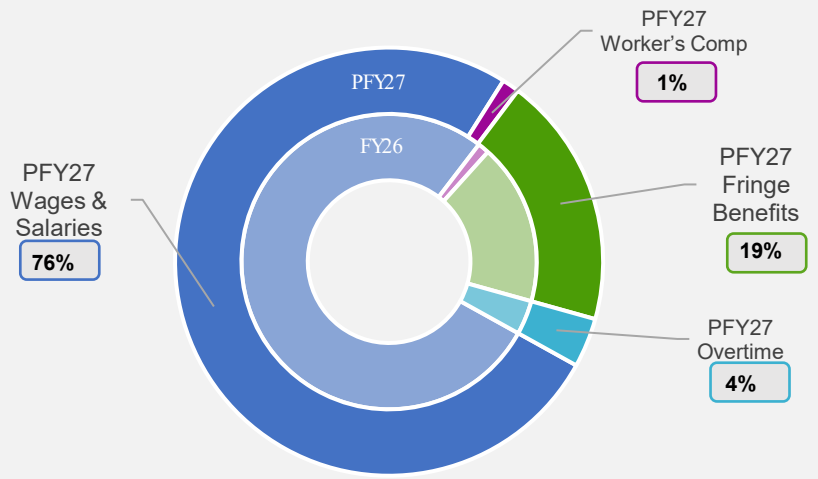
Recommendation: As a matter of budget practice, the Advisory Board recommends that MWRA preserve the long-standing expectation that final assessments remain at or below proposed assessments unless a post-proposal increase is clearly explained and available for review before final adoption. Where MWRA identifies a known, uncertain, and potentially material cost, the Advisory Board further recommends that the proposed budget clearly reflect that exposure rather than relying on Spring Revisits to increase the funding assumption later in the process. Spring Revisits should continue to refine the budget, not redefine the budget.

Proposed Fiscal Year 2027 CEB

Personnel

	FY26	Proposed FY27	Change ($)	Change (%)
TOTAL WAGES & SALARIES	$133,658,993	$140,504,015	$6,845,022	5.12%
Regular Pay	130,265,132	137,189,604	6,924,472	5.32%
Other Pay	3,393,861	3,314,411	-79,450	-2.34%
FRINGE BENEFITS	30,489,107	35,255,901	4,766,794	15.63%
OVERTIME	6,449,016	6,896,456	447,440	6.94%
WORKER'S COMPENSATION	2,179,730	2,419,889	240,159	11.02%
TOTAL PERSONNEL	**$172,776,846**	**$185,076,261**	**$12,299,415**	**7.12%**

Personnel Expenses: FY26 to PFY27



PFY27 Personnel Budget Highlights

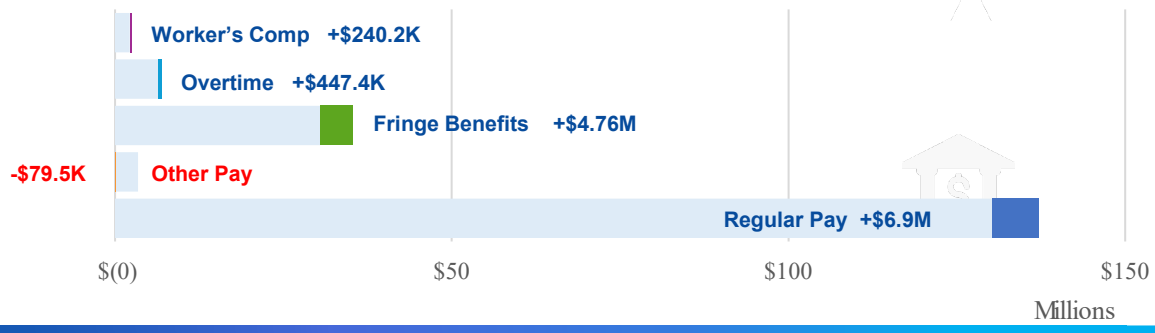
Wages & Salaries

Increased by $6.8M (5.1%),

Fringe Benefits

Up $4.7M (15.6%), reflecting higher healthcare and benefit-related costs.

PFY27 Change in Relation to FY26

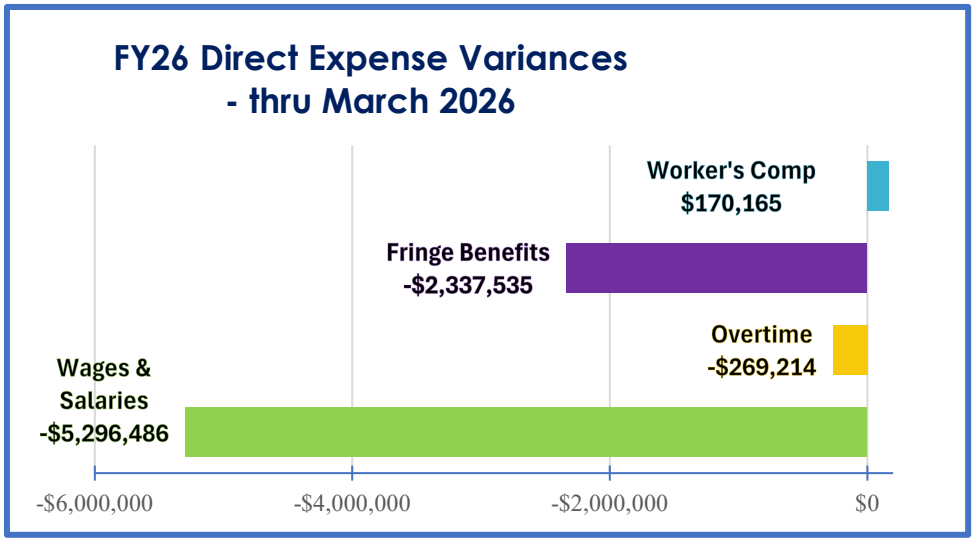


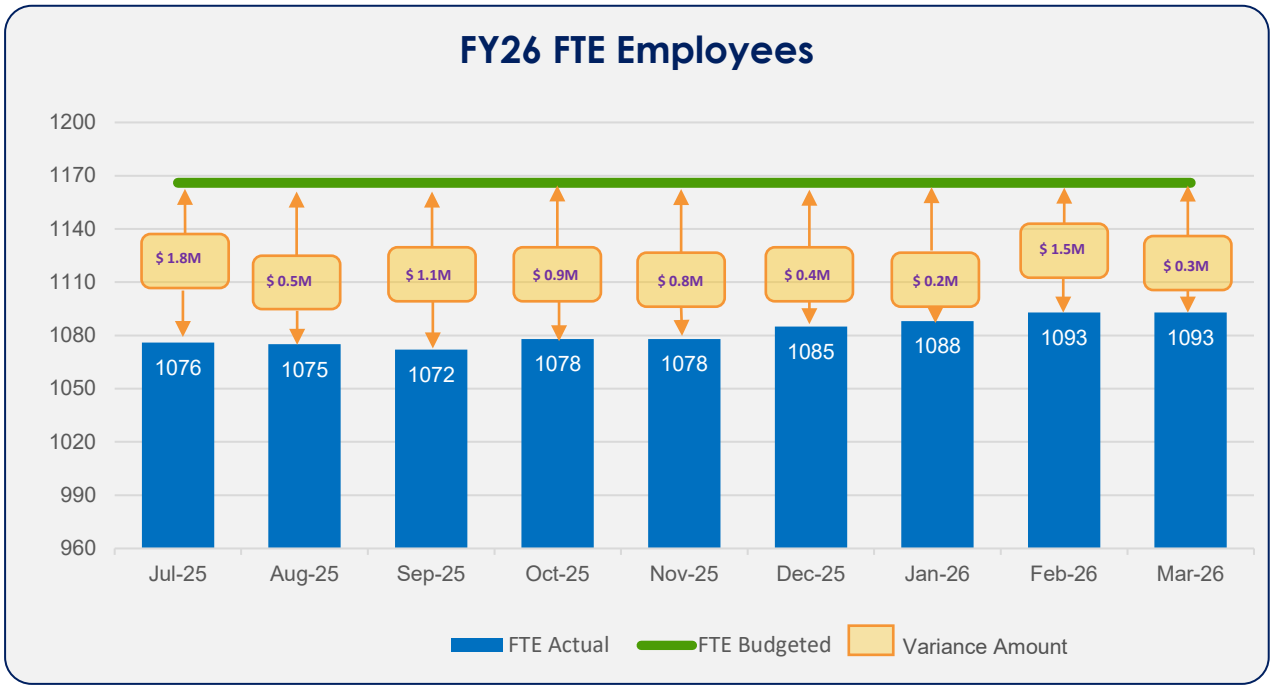
Proposed Fiscal Year 2027 CEB

Personnel

Staffing and Personnel Expense Variances by Period

Total Wages &Salaries	Period Ending 7-26-25	Period Ending 8-30-25	Period Ending 9-27-25	Period Ending 10-25-25	Period Ending 11-29-25	Period Ending 12-27-25	Period Ending 1-24-26	Period Ending 2-21-26	Period Ending 3-28-26
Budget Amount	$12,669,515	$15,404,242	$13,258,125	$13,378,125	$16,180,227	$13,470,220	$13,295,784	$16,424,717	$12,990,164
Actual Amount	10,816,994	14,865,460	12,159,529	12,475,866	15,348,794	13,038,934	13,243,412	14,902,016	12,691,552
Variance	-$ 757,918	-$ 538,782	-$ 1,098,596	-$ 902,259	-$ 831,433	-$ 431,286	-$ 52,372	-$ 1,552,701	-$ 298,612





Personnel

Overview: FY27 Budget Context and Structural Notes

Personnel budgeting sits at the intersection of workforce planning and budget transparency. The Advisory Board recognizes that MWRA must recruit, retain, and support the staff needed to operate a complex utility. At the same time, the annual budget must reflect actual staffing patterns, not only authorized positions or aspirational hiring targets.

MWRA's personnel budgeting is structured around a three-tier framework: all authorized positions, the subset of positions departments request funding for, and the final funded count after a system-wide Vacancy Rate Adjustment. That adjustment recognizes that some positions will remain unfilled during the year because of normal turnover, hiring delays, and broader labor market conditions.

The Position Control Report (PCR) lists all authorized positions — filled, vacant, funded, or unfunded — but does not indicate which vacancies are actively budgeted. Departments submit funding requests for all filled positions and for selected vacancies they aim to fill. Vacant positions are typically budgeted at the midpoint salary, though departments may request more for difficult-to-fill non-union roles. At the end of January 2026, MWRA had 1,315 authorized positions, excluding the Tunnel Redundancy Program and Retirement Board, with 239 vacancies and a vacancy rate of 18.17%.

MWRA Finance compiles these requests and applies a dollar-based Vacancy Rate Adjustment, assuming some positions will remain unfilled. For FY26, that adjustment totaled **$5.6 million**, based on an average salary of **$115,000** per full-time equivalent (FTE) position. For FY27, this adjustment rises to **$10.5 million** corresponding to 91.3 FTEs that are authorized in the PCR but not funded in the final budget.

Prior to FY23, the Vacancy Rate Adjustment applied only to the Operations Division (which represents 75–80% of MWRA staff), with reductions reflected in both dollars and FTEs. Since FY23, the adjustment has applied to all divisions as a financial measure only: FTEs outside Operations remain unchanged. The shift began as a rate management strategy and continues as a planning tool.

MWRA maintains a Core Operations staffing target of 1,150 FTEs, established by a 2012 staffing analysis conducted by Amawalk Consulting Group and later raised slightly to 1,154 in FY25, excluding Tunnel Redundancy. For modeling purposes, MWRA uses a blended salary benchmark of **$115,000** per FTE, even though a **$94,000** benchmark may better reflect vacancy costs.

Personnel Budget Analysis: FY26 vs. FY27

MWRA's FY27 Personnel budget totals **$185.1 million**, an increase of 7.12% from FY26's **$172.8 million**. Wages and Salaries represent **$140.5 million**, a 5.12% increase over FY26's **$133.6 million**, while Fringe Benefits are budgeted at **$35.3** million, up **$4.7 million** or 15.63% from the current fiscal year.

Regular Pay makes up 97.6% of total FY27 Wages and Salaries after application of the **$10.5 million** vacancy adjustment. The adjustment is nearly double the **$5.6 million** applied in FY26 and is allocated across cost centers as a reduction to Regular Pay. It does not, however, reduce the number of authorized positions. The FY27 budgeted (FTE) count is 1,167.4, a slight increase of 1.4 FTEs over the FY26 budget.

The Wages and Salaries monthly variance chart for FY26 shows both staffing fluctuations and corresponding budget-to-actual variances through March. Overall, FY26 has seen a positive upward trend in FTEs and a corresponding narrowing of the variance between budgeted personnel expenses to actual. Despite this improvement, however FY26 staffing is projected to end, below budgeted levels, with a **$6.8 million** budget to actual variance with a projected Wages and Salaries surplus of **$6.8 million**.

Fringe Benefits are likewise forecast to end Fiscal Year 2026 under budget by **$1.98 million** (6.5%). This variance is due to fewer-than-budgeted participants in health insurance plans, higher contribution rates among external new hires compared with retiring staff, and shifts from family plans to less expensive individual plans. The FY27 budget anticipates a 15% increase to health insurance plan rates.

FY26 Overtime expenses are projected to end under budget by 5.0% driven largely by lower year-to-date rainfall, fewer emergency response needs, and a multi-year decline in the Toxic Reduction and Control (TRAC) activity. The FY27 budget increases overtime from **$6.4 million** to **$6.9 million**, or 6.9%, to reflect wage increases and recent trends in overtime for off-hours maintenance, emergency coverage, and planned construction-related projects.

Personnel is MWRA's largest direct expense category and accounts for over half of the Authority's direct costs. It has exhibited persistent vacancy-related underspending since the pre-COVID era. That pattern matters because even modest misalignment in this cost center can produce significant budget variances.

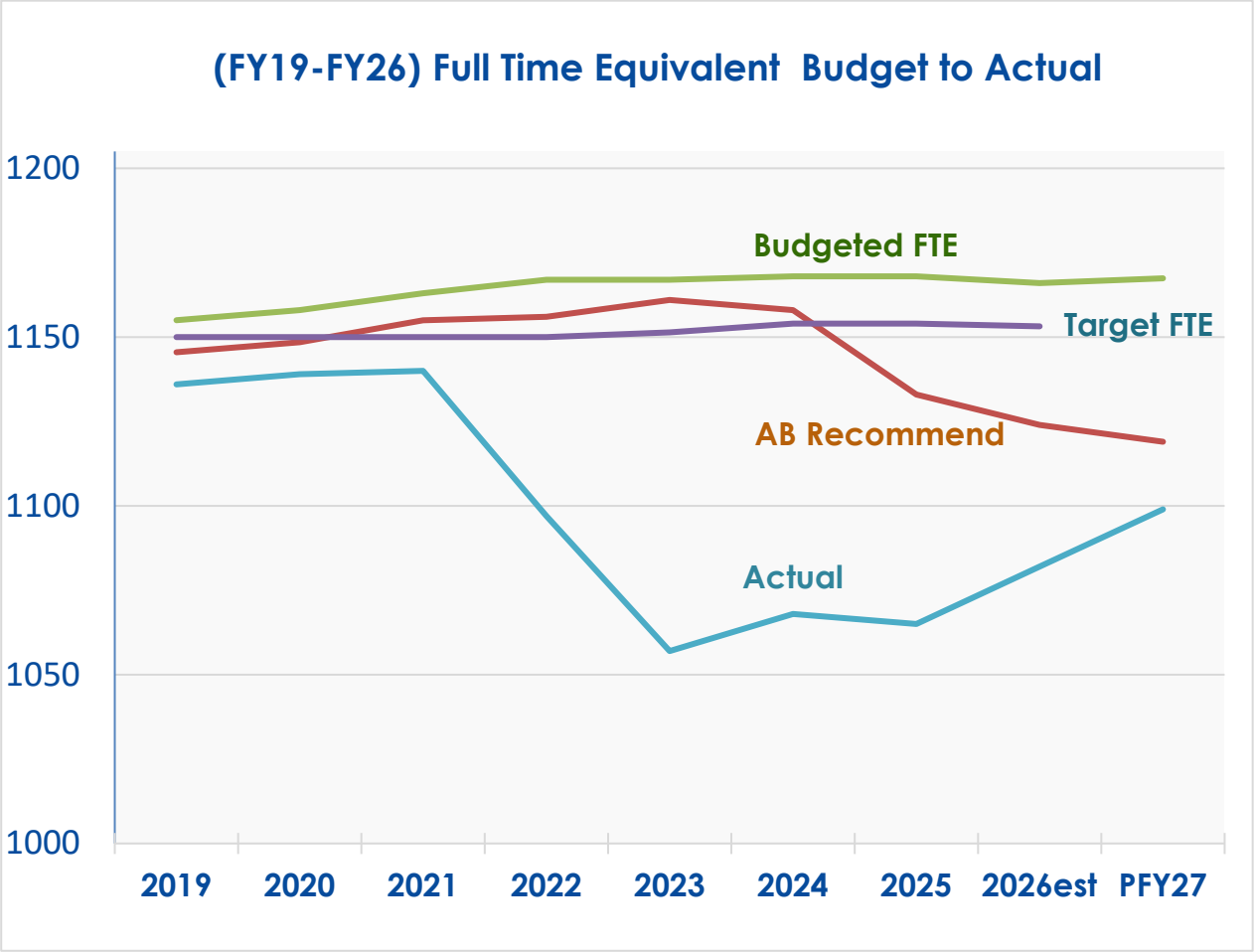
This is not due to a lack of effort on the part of MWRA. The Advisory Board recognizes the Authority's workforce development initiatives including succession planning, shadowing/mentoring programs, and compensation adjustments. The concern is that, for several years, personnel budget assumptions have remained misaligned with the current workforce market actual staffing patterns and current labor market conditions.

Recommendation: Right-size Personnel Budget to Reflect Reality

Despite aggressive hiring efforts, MWRA staffing levels remain well below funded targets. That gap reflects broader labor market realities, not a lack of effort by the Authority. The budget, however, should now reflect that reality more directly.

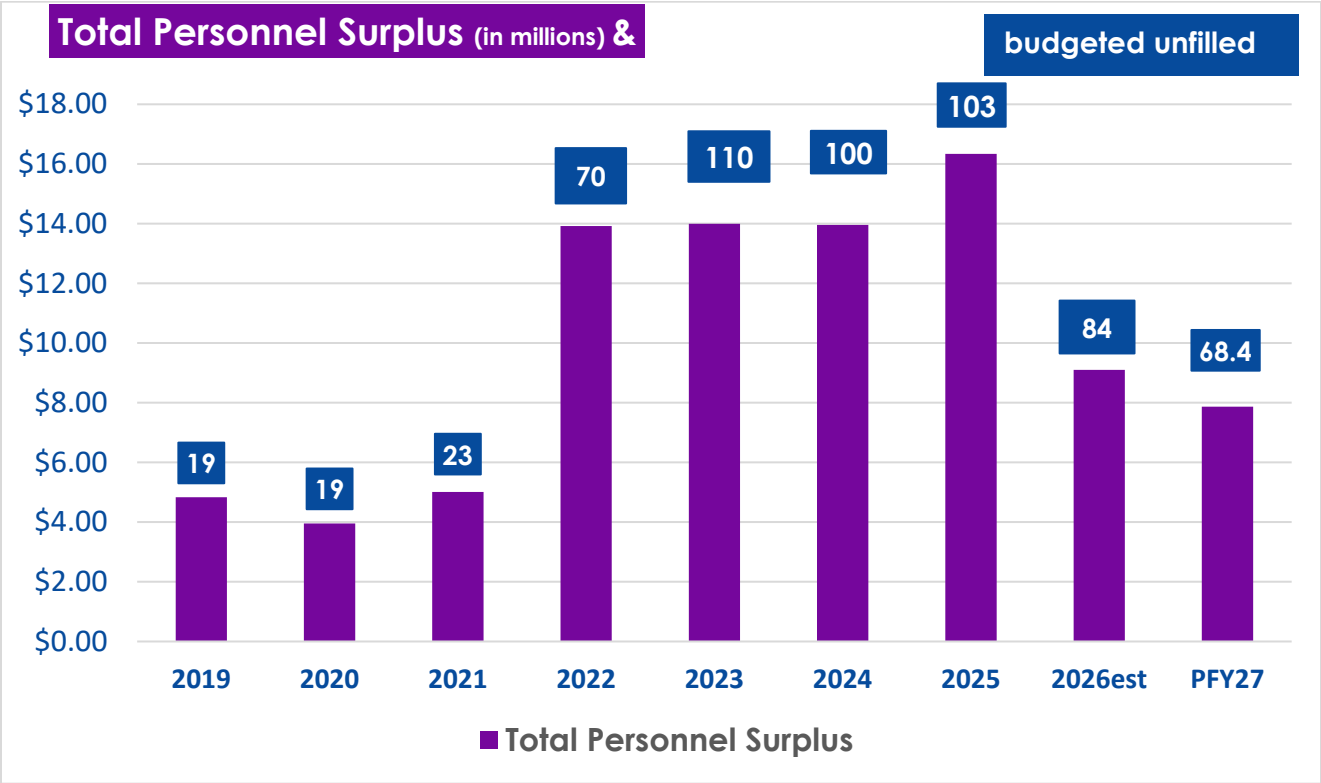
Through March of FY26, the Authority underspent its Wages & Salaries budget by **$5.2 million** with a year-end surplus of **$6.8 million**. Fringe benefits and Overtime are similarly 5-6% under their budgeted projections. Altogether, the Authority's FY26 personnel budget is on track to a **$9.1 million** surplus.

For several years now, MWRA has consistently overbudgeted its personnel line — and not by a small margin. The Advisory Board has repeatedly requested that the budget assumption of FTEs be lowered. In FY26 the Authority did lower its budgeted FTEs by 2 from 1168 to 1166. The proposed FY27 budget increases this number by 1.4.



Some gap between authorized positions, budgeted staffing, and actual staffing is expected in any large organization. Before the pandemic, those differences generally reflected normal hiring cycles and manageable variance. Since then, the gap has become more persistent and more consequential. What may once have been a reasonable planning cushion now functions as a recurring source of surplus.

The disconnect between the personnel budget and reality is yielding significant budget surpluses. Prior to 2021, Personnel budget surpluses ranged from $4 - $5 million per year. This surplus jumped to $14 million in 2022, reached a high of **$16 million** in 2025 and is projected to be **$9 million** in FY26.


Total Personnel Surplus (in millions) &
budgeted unfilled
$18.00
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
19
19
23
70
110
100
103
84
68.4
2019
2020
2021
2022
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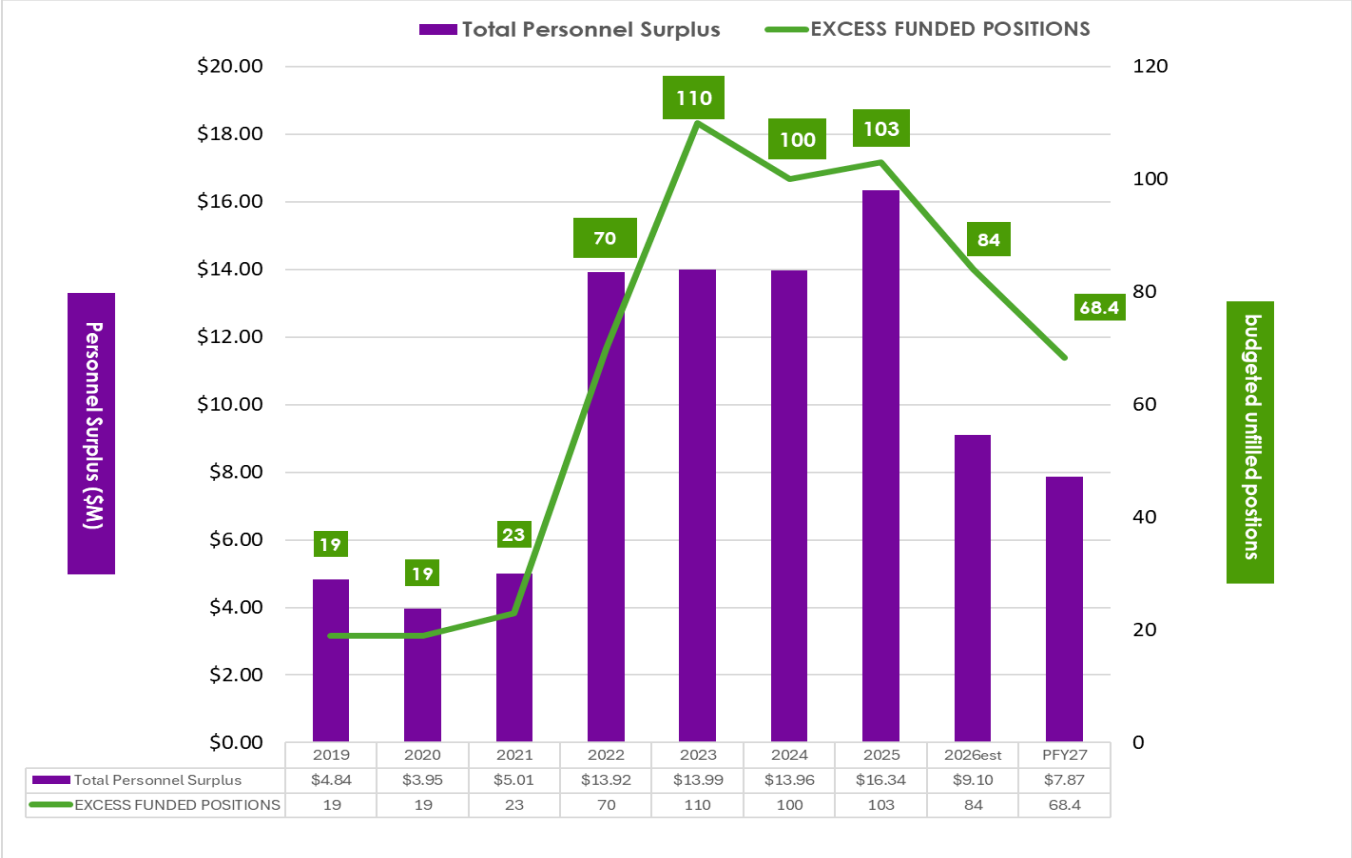
PFY27
Total Personnel Surplus


Total Personnel Surplus
EXCESS FUNDED POSITIONS
Personnel Surplus ($M)
budgeted unfilled positions
$20.00
$18.00
$16.00
$14.00
$12.00
$10.00
$8.00
$6.00
$4.00
$2.00
$0.00
120
100
80
60
40
20
0
19
19
23
70
110
100
103
84
68.4
2019 2020 2021 2022 2023 2024 2025 2026est PFY27
Total Personnel Surplus $4.84 $3.95 $5.01 $13.92 $13.99 $13.96 $16.34 $9.10 $7.87
EXCESS FUNDED POSITIONS 19 19 23 70 110 100 103 84 68.4

In practice, MWRA has put this surplus to good use. It has reliably applied excess funds toward defeasance — a fiscally sound strategy that reduces long-term debt and helps contain future rate increases. The Advisory Board has long supported defeasance as a smart, responsible use of available dollars. We want to be clear: the outcome isn't the issue. The presentation is.

In June 2025 MWRA executed a defeasance of **$33.9 million**, utilizing a positive budget variance of **$26.4 million** with **$16.3 million** (62%) of this positive variance deriving from its personnel surplus.

Communities and ratepayers were told these dollars were needed to fund wages, salaries, and benefits—not as an implied defeasance reserve. If defeasance is the intended or likely use of recurring surplus capacity, it should be clearly reflected in the budget.

MWRA has already shown that this approach can work. In recent years, the Authority has periodically included dedicated funding for debt prepayment in the Current Expense Budget, and the proposed FY27 CEB includes **$10.5 million** for that purpose. MWRA also adopted a similar transparency solution after the Advisory Board raised concerns about conservative variable-rate debt assumptions. That line item routinely produced surpluses, and the Advisory Board called for greater budget alignment. MWRA's eventual and welcome response was to codify a policy dedicating any such surplus to defeasance. In practice, that policy helped turn conservative budgeting from a recurring point of tension into part of the sustainable and predictable rate framework: debt-related surplus remained tied to debt reduction. Personnel surplus now warrants the same kind of clarity. If recurring underspending is likely to support defeasance, that strategy should be proposed plainly rather than implied through the personnel budget.

Recommendation: Adjust Personnel Budget to Reflect Persistent Vacancies

Hiring in the third quarter of FY26 has improved, averaging 1,091 FTEs as compared to the 1074 average FTEs in the first quarter. The Advisory Board is hopeful that this trend will continue but it would contradict years of evidence to assume that Authority will fill 70 positions in the next year. Ambitious hiring goals should remain in place, but ratepayer-funded budget assumptions should be grounded in the workforce MWRA can reasonably expect to have during the fiscal year.

The Advisory Board recommends that MWRA adjust its personnel budget to reflect a staffing goal that remains ambitious but grounded in reality.

Recommendation: The Advisory Board recommends applying an additional vacancy rate adjustment equal to 48 FTEs.

This adjustment would reduce the salary budget by **$5.52 million**, assuming a standard **$115,000** per FTE. Allocating this by functional category:

Recommendation: The Advisory Board recommends allocating the 48-FTE adjustment by reducing the water-side Wages and Salaries budget by $1.72 million, equivalent to 15 FTEs, and the sewer-side Wages and Salaries budget by $3.8 million, equivalent to 33 FTEs.

<u>Recommendation</u>: The Advisory Board recommends reducing Fringe Benefits by $1.104 million as part of the overall vacancy adjustment, including $345,000 on the water side and $759,000 on the sewer side.

Recommendation: Replace Surplus with Strategy

The Advisory Board strongly supports defeasance as a long-range rate management tool and recommends incorporating it explicitly within the CEB instead of relying on structural surpluses within the budget.

Elevating defeasance from a welcome opportunity to a deliberate and transparent strategy brings future rate pressures into the annual budgeting process. It also allows MWRA, the Advisory Board, and member communities to evaluate the current and future costs and benefits of defeasance directly, rather than relying on surplus capacity that emerges after ratepayer dollars have already been collected for another stated purpose.

Note on Spring Revisit

The Personnel line item decreases by approximately **$1.2 million** following the Spring Revisit. This change is driven primarily by a reduction in Fringe Benefits due to updated health insurance rates from the GIC. This decrease is partially offset by modest increases to wages and salaries and overtime, resulting in a revised total of approximately **$183.9 million**.

Comment: *The Advisory Board expects MWRA to update its Personnel expenses in the final budget including:*

- *$222,649 increase on the Sewer side and $(36,134) decrease on the Water side for Wages & Salaries ($186,515 net increase)*
- *$2,961 increase on the Sewer side and $39 increase on the Water side for Overtime ($3,000 net increase)*
- *$(861,794) decrease on the Sewer side and $(521,387) decrease on the Water side for Fringe Benefits ($(1,383,181) net decrease)*
- *No net change to Workers' Compensation*

Non-Union Compensation Study

Competitive Compensation and Responsible Implementation

Water and wastewater systems are often described as invisible infrastructure. At MWRA, the workforce can be just as easy to overlook — until a vacancy, skill gap, or supervisory challenge affects the Authority's ability to deliver critical services. In a 24/7 utility, people are not merely an operating expense. They are part of the system's operating capacity. The cheapest staffing structure is not always the most responsible one.

That is the issue MWRA's non-union compensation study was designed to examine. Following earlier work related to pay equity and internal classification, MWRA undertook a broader review of non-union compensation, benefits, and position descriptions to assess whether its compensation framework remains aligned with market conditions, internal equity, and the operational needs of a highly specialized public utility. The study reviewed 79 non-union titles, compared wages and benefits against selected national water and wastewater agencies and Massachusetts public entities, and adjusted out-of-state wage data for regional cost-of-living differences.

That does not mean compensation adjustments should be assumed, automatic, or insulated from scrutiny. The Advisory Board's role is to evaluate whether ratepayer dollars are being spent for the right reasons, in the right places, and with clear accountability. The question is not whether compensation should increase simply because a study was completed. The question is whether the study identifies documented workforce needs that justify measured, transparent, and responsible implementation.

People as Operating Capacity

Viewed in that context, the study is an important and appropriate step. MWRA operates a complex, highly regulated water and wastewater system that depends on skilled managers, engineers, operators, attorneys, finance professionals, information technology staff, and administrative leaders. These positions support system reliability, regulatory compliance, capital delivery, emergency response, public health, environmental protection, and long-term planning. For certain roles, MWRA is not competing only with nearby municipalities or agencies, but with a specialized national labor market.

The structure of the study reflects that complexity. Because MWRA has no single equivalent comparator in Massachusetts, the study used a group of national water and wastewater agencies, along with selected Massachusetts public entities, to evaluate compensation and benefits. It also adjusted out-of-state wage data for regional cost-of-living differences and reviewed a broad set of non-union position descriptions and benefit categories. This approach recognizes that MWRA's workforce challenges are not generic; they are tied to the scale, specialization, and operating demands of the Authority.

Reading the Study with Balance

The study's findings should be read with similar balance. It does not support a conclusion that MWRA is broadly uncompetitive in all respects, nor does it support dismissing compensation concerns as incidental. Rather, it presents a more nuanced picture: MWRA's benefits remain competitive and comprehensive, while base wages may lag comparable agencies in some cases. That distinction matters. Strong benefits remain a meaningful part of total compensation, but they do not automatically resolve base wage, recruitment, retention, or internal alignment concerns where those concerns are documented.

This is where the Advisory Board's ratepayer lens must be applied carefully. A narrow affordability lens asks only what compensation adjustments cost. A wider ratepayer lens also asks what persistent vacancies, delayed hiring, weakened supervisory structures, salary compression, and lost institutional capacity may cost over time. If uncompetitive compensation contributes to critical vacancies, slows project delivery, weakens management capacity, or makes it harder to retain experienced staff, ratepayers may ultimately bear those costs in less visible but still meaningful ways.

Implementation and Ratepayer Accountability

At the same time, a compensation study is not a blank check. The study provides evidence; the budget must still provide judgment. Any proposed adjustments should be tied to documented recruitment or retention needs, position criticality, market comparability, salary collision or compression concerns, internal equity, and operational risk. Implementation should be measured, structured, and phased where appropriate, with clear explanation of what is being changed, why it is needed, and how it affects the budget over time.

This implementation discipline is especially important given the broader personnel context. MWRA personnel spending has historically been influenced by vacancies, hiring delays, and budget-to-actual variance. Persistent underspending does not, by itself, prove that compensation adjustments are unnecessary; it does mean that any adjustments should be evaluated against actual staffing patterns and real spending behavior, not budget assumptions alone. Ratepayers should be able to distinguish between dollars needed to support a competitive workforce and dollars unlikely to be spent because positions remain vacant.

The Advisory Board supports the use of structured compensation analysis to inform workforce planning. The next step is disciplined implementation. Competitive compensation can be a responsible investment when it is targeted, justified, and connected to the Authority's ability to deliver critical services. It becomes a ratepayer concern when implementation is unclear, overly broad, or disconnected from actual staffing needs. As MWRA considers how to respond to the study, the standard should be the same one that applies across the PFY27 review: sustainable, predictable, and responsible.

Comment: *The Advisory Board supports MWRA's use of a structured non-union compensation study to evaluate market competitiveness, benefits, job descriptions, and internal compensation structure. As MWRA considers any resulting changes, the Authority should clearly distinguish between study findings and implementation decisions; document the recruitment, retention, salary collision, internal equity, and operational rationale for proposed adjustments; and phase or structure implementation where appropriate. Compensation changes should be evaluated in the context of actual staffing patterns and real spending behavior, and should be communicated to ratepayers as part of a sustainable, predictable, and responsible workforce strategy.*

Proposed Fiscal Year 2027 CEB

Chemicals

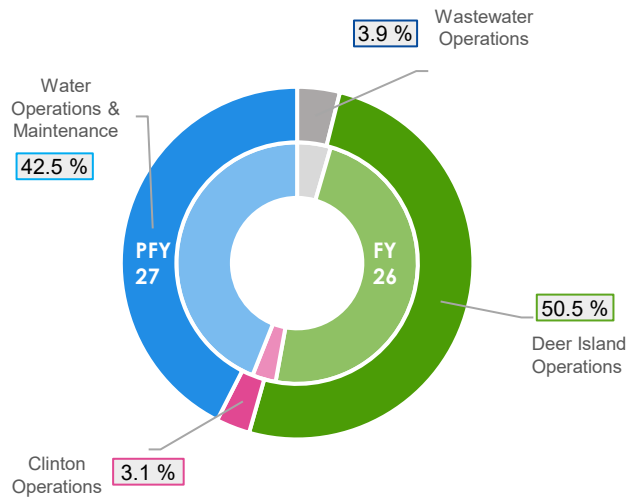
	Final FY26 ($)	Proposed FY27 ($)	Change ($)	Change (%)
SODA ASH	3,753,160	3,829,635	76,475	2.0%
SODIUM HYPOCHLORITE	**5,786,517**	**6,169,529**	**383,012**	**6.6%**
HYDROFLUOSILIC ACID	**563,870**	**381,444**	**(182,426)**	**-32.4%**
SODIUM HYDROXIDE	177,385	169,607	(7,778)	-4.4%
OTHER	58,339	58,339	-	0.0%
POLYMER	531,629	548,051	16,423	3.1%
SODIUM BISULFITE	786,838	743,959	(42,879)	-5.4%
ACTIVATED CARBON	545,323	637,402	92,079	16.9%
LIQUID OXYGEN	871,920	932,307	60,387	6.9%
NITROGEN	3,000	3,000	-	0.0%
CARBON DIOXIDE	796,790	789,445	(7,346)	-0.9%
FERRIC CHLORIDE	4,060,853	4,209,224	148,370	3.7%
HYDROGEN PEROXIDE	**803,941**	**1,298,428**	**494,487**	**61.5%**
AQUA AMMONIA	293,661	291,052	(2,610)	-0.9%
OTHER OXIDIZERS	274,002	222,582	(51,420)	-18.8%
TOTAL EXPENSES	**$19,307,228**	**$20,284,004**	**$976,774**	**5.06%**

PFY27
$ 0.97 M

DITP
$ 0.9 M

Water Operations
$ 0.19 M

Chemicals by Division: FFY26 & PFY27



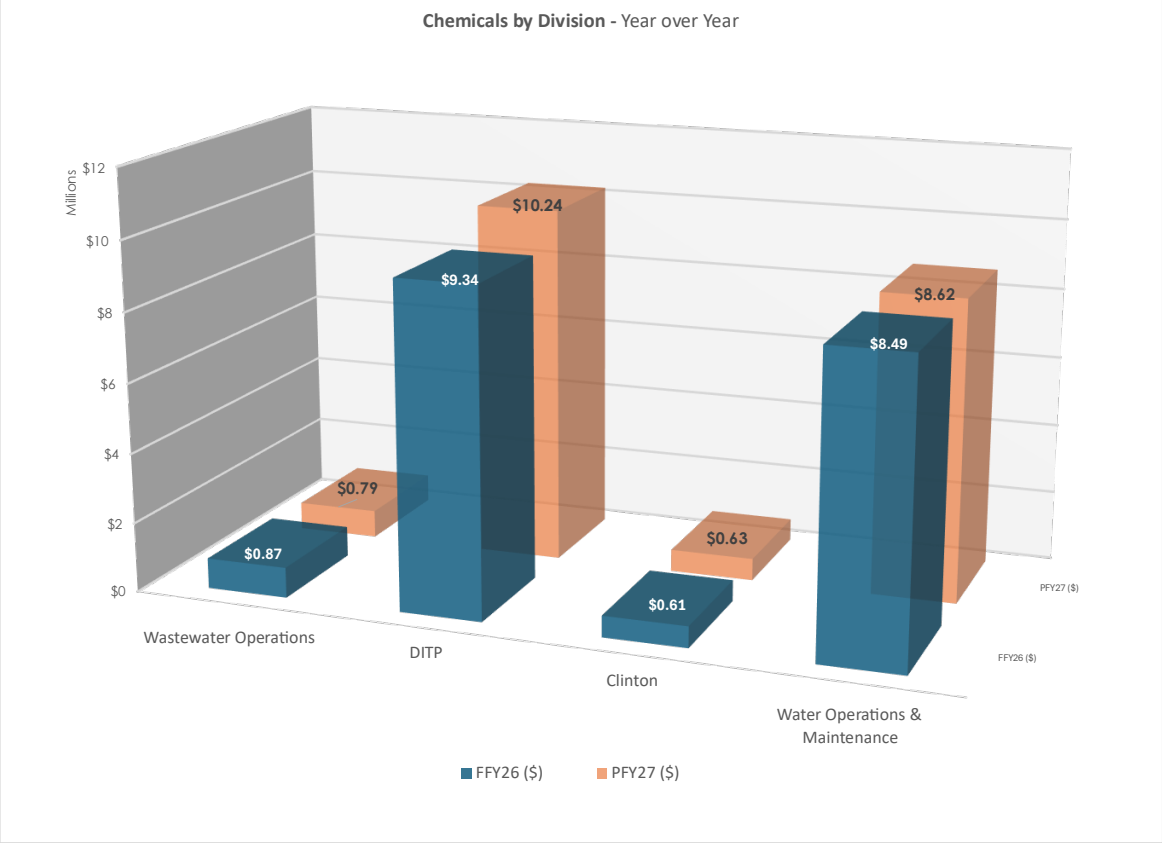
	FFY26 ($)	PFY27 ($)	Change ($)	Change (%)
Wastewater Operations	**870,598**	**794,267**	**(76,331)**	**-8.8%**
DITP	**9,335,401**	**10,239,203**	**903,802**	**9.7%**
Clinton	**610,865**	**630,063**	**19,198**	**3.1%**
Water Operations & Maintenance	**8,490,363**	**8,620,471**	**130,108**	**2.3%**
TOTAL	**$19,307,227**	**$20,284,004**	**$1,040,470**	**5.4%**

Chemicals

Overview

The proposed FY27 chemicals budget totals **$20.3 million**, an increase of **$976,774**, or 5.1%, over FY26. That increase is not evenly distributed. Deer Island accounts for the vast majority of the growth, with its chemicals budget rising by roughly **$904,000**, while Water Operations and Clinton see more modest increases. Wastewater Operations moves in the opposite direction and comes down year over year.

At a high level, the FY27 budget reflects a system operating under more intensive treatment requirements. The assumption of a full year under the new NPDES permit at Deer Island, which is expected to require more stringent enterococcus treatment and adds approximately **$689,000** in chemical costs, drives higher treatment intensity and increased chemical demand.



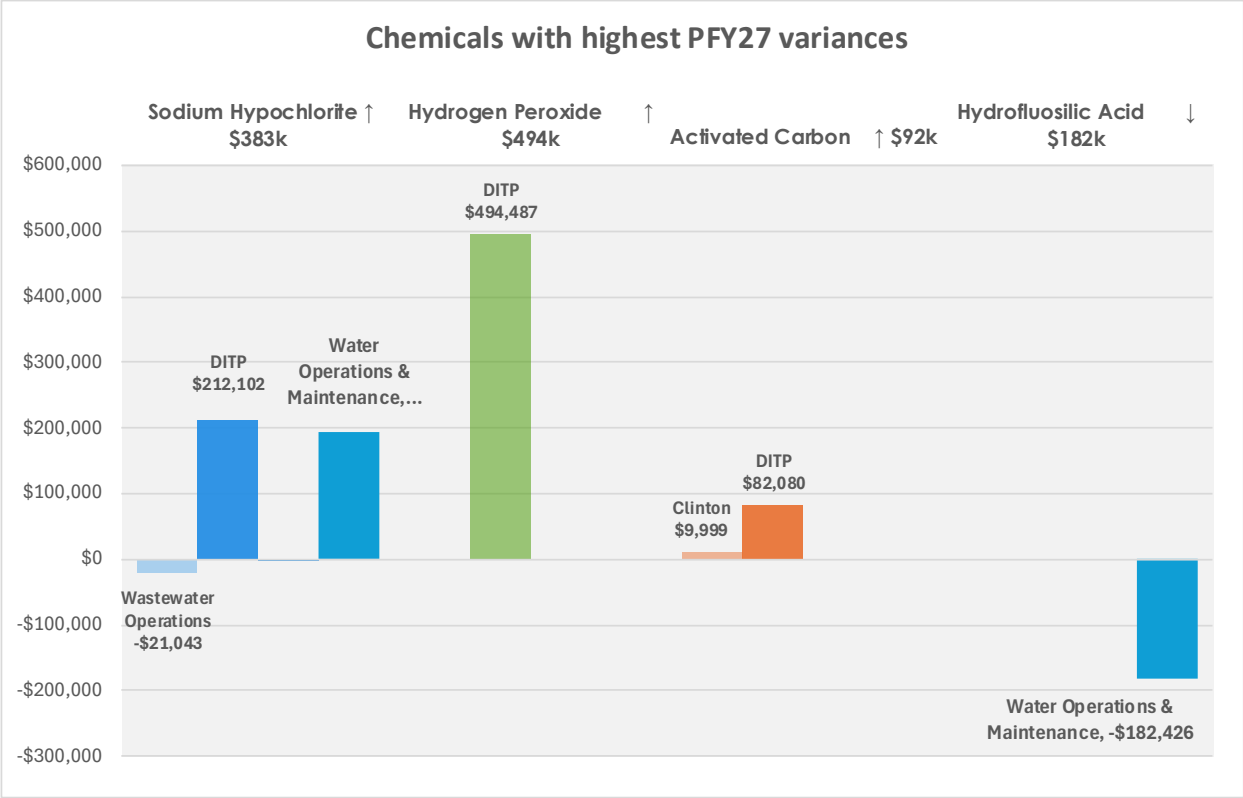
The new permit also expands monitoring, testing, and compliance requirements, increasing reliance on both in-house laboratory capacity and external support. These additional requirements reinforce the need for consistent and more tightly controlled treatment processes, which in turn drive chemical usage across key treatment stages.

Pricing also contributes to the increase, with several contracts expected to turn over during FY27 and standard escalation assumptions applied to reflect ongoing market volatility. Chemical usage assumptions are based on multi-year averages carried forward from prior budgets, while pricing reflects current contracts and expected renewals.

Recent operating results also highlight how sensitive chemical usage is to system conditions. FY26 chemical expenses are currently projected to finish approximately **$965,000**, or 5.0%, below budget, driven largely by lower flows at Deer Island and the Carroll Water Treatment Plant, reduced sludge production, and fewer CSO activations than anticipated. These operational shifts reduced usage across several major chemicals, including Sodium Bisulfite, Sodium Hypochlorite, Polymer, Liquid Oxygen, and

Carbon Dioxide.

Water Operations follows a similar pattern, though with different drivers. Increases in sodium hypochlorite and liquid oxygen push that budget higher, while a sharp reduction in hydrofluosilic acid offsets part of that growth. Clinton remains relatively steady, with incremental increases tied to routine process needs. Wastewater Operations declines due to lower assumptions for sodium hypochlorite, sodium bisulfite, and other oxidizers.



Sodium Hypochlorite

Sodium hypochlorite, or chlorine, is one of the most widely used chemicals across the system. In wastewater treatment, it is applied at Deer Island and at headworks and CSO facilities to disinfect effluent prior to discharge. In drinking water treatment, it is used at the John Carroll Water Treatment Plant to provide residual disinfection throughout the distribution system and prevent microbial growth.

The FY27 budget increases by **$383,012**, or 6.6%, to **$6.17 million**. The increase is concentrated at Deer Island and Water Operations. At Deer Island, higher dosing assumptions tied to the new NPDES permit drive the increase.

To prepare for the upcoming permit, MWRA has already begun adjusting how disinfection is performed at Deer Island. The new permit will require stricter limits based on enterococcus bacteria, which requires maintaining higher chlorine residuals after treatment. In response, plant staff have been operating with elevated disinfection targets during the spring through fall period to test and refine system performance under these conditions. These higher targets are expected to become standard once the permit is in effect and are a primary driver of increased sodium hypochlorite use. While actual chemical usage varies with flow and water quality, the shift in target dosing levels reflects a long-term change in treatment operations.

Within Water Operations, the increase reflects system demand and contract pricing, with usage based on multi-year flow averages. Because sodium hypochlorite is used continuously and at large volumes, changes in dosage or unit cost have a direct impact on the overall chemicals budget.

Despite these higher treatment targets, in February FY26 sodium hypochlorite expenses were approximately **$137,000** below budget due to lower flows at Deer Island and reduced CSO activations. This reflects the extent to which overall flow conditions can influence actual chemical usage, even while treatment standards become more stringent.

Ferric Chloride

Ferric chloride is used in wastewater treatment for phosphorus removal, corrosion control, and odor mitigation. At Deer Island, it is a key component of the treatment process, helping to precipitate phosphorus into a removable solid and maintain compliance with discharge limits. It is also used at the Clinton facility for similar purposes.

The FY27 budget increases by **$148,370**, or 3.7%, to $4.21 million. The increase is driven primarily by Deer Island and reflects treatment demand, sludge production, and regulatory requirements. This is a process-driven cost that moves in line with system demand.

Soda Ash

Soda ash is used to adjust pH and alkalinity in both drinking water and wastewater treatment. At the John Carroll Water Treatment Plant, it is central to corrosion control and maintaining finished water quality. At the Clinton facility, it supports effluent pH and alkalinity, particularly for phosphorus removal processes.

The FY27 budget increases by **$76,475**, or 2.0%, to **$3.83 million**. This account remains relatively stable, with usage based on system flows and pricing driven by contract terms.

Hydrogen Peroxide

Hydrogen peroxide is used in wastewater treatment for oxidation, odor control, and supplemental treatment processes. It is also used for hydrogen sulfide control within the system.

The FY27 budget increases by **$494,487**, or 61.5%, to **$1.30 million**. This is the largest increase in the chemicals budget and is concentrated at Deer Island. This increase is driven by higher planned usage within treatment operations.

Through February FY26 hydrogen peroxide expenses exceeded budget by approximately **$294,000** due to elevated hydrogen sulfide levels requiring additional odor pretreatment and corrosion control. Increased usage also allowed staff to perform maintenance activities within treatment tanks more safely during periods of lower flow.

Activated Carbon

Activated carbon is used for odor control in wastewater operations, particularly to remove hydrogen sulfide and other compounds from ventilation air. At Deer Island, carbon scrubber systems rely on large volumes of media, with additional use when primary systems are offline. It is also used at headworks facilities, including Nut Island, where carbon beds serve as a primary odor control system.

The FY27 budget increases by **$92,079**, or 16.9%, to **$637,402**. The increase is tied to ongoing media replacement and continued use of carbon-based odor control systems. Costs vary based on replacement cycles and procurement conditions.

Sodium Bisulfite

Sodium bisulfite is used in the dechlorination process to remove residual chlorine from treated wastewater before discharge. It is directly linked to sodium hypochlorite use.

The FY27 budget decreases by **$42,879**, or 5.4%, to **$743,959**. The decrease occurs across Deer Island, Clinton, and Wastewater Operations and reflects updated dosing assumptions.

Through February FY26 sodium bisulfite expenses were approximately **$225,000** below budget, primarily due to lower dechlorination demand at Deer Island associated with reduced flows and lower treatment volumes. The account is expected to continue evolving as operating strategies are refined under the new permit requirements.

Hydrofluosilic Acid

Hydrofluosilic acid is used in drinking water treatment for fluoridation at the John Carroll Water Treatment Plant. It maintains fluoride levels in finished water in accordance with public health requirements. The FY27 budget decreases by **$182,426**, or 32.4%, to **$381,444**. This is one of the largest reductions in the chemicals budget and reflects updated pricing and contract assumptions within Water Operations.

Liquid Oxygen

Liquid oxygen is used in water treatment processes and supports system performance and stability at the John Carroll Water Treatment Plant.

The FY27 budget increases by **$60,387**, or 6.9%, to **$932,307**. The increase follows operational demand and contract pricing. Through February FY26 liquid oxygen expenses were approximately **$149,000** below budget due to lower dosing requirements at the Carroll Water Treatment Plant.

Polymer

Polymer is used in solids handling processes, particularly for sludge conditioning and dewatering. It improves the efficiency of separating solids from liquids during treatment. The FY27 budget increases by **$16,423**, or 3.1%, to **$548,051**. The increase reflects routine process demand at Deer Island and Clinton and aligns with sludge production levels. Through February FY26 polymer expenses were approximately **$115,000** below budget due to lower-than-expected secondary sludge production.

Other Chemicals

Other chemical accounts include sodium hydroxide, carbon dioxide, aqua ammonia, nitrogen, and other oxidizers. These support a range of treatment functions, including pH control, stabilization, and supplemental processes. Changes across these accounts are relatively small compared to the major cost drivers. Other oxidizers decrease by **$51,420**, or 18.8%, while most other accounts remain stable or show modest movement based on usage and pricing.

Note on Spring Revisit

Following updated chemical pricing and revised operating assumptions in the Spring Revisit, Chemicals decreased by approximately **$480,000** overall. This reflects reductions in sodium hypochlorite costs due to updated contract pricing, as well as lower projected sodium bisulfite usage based on revised volume assumptions. The revised total is approximately **$19.8 million**, with **$10.8 million** for Sewer and **$9.0 million** for Water. Sodium hypochlorite decreased by approximately **$269,000** and sodium bisulfite decreased by approximately **$182,000**.

Comment: *The Advisory Board expects MWRA to update its chemical expenses in the final budget including:*

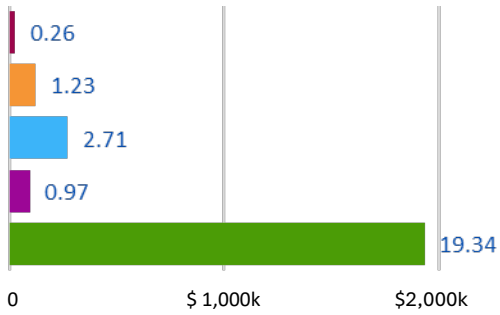
- *$207,733 decrease on the Sewer side*
- *$272,682 decrease on the Water side*
- *$480,415 net decrease Authority-wide*

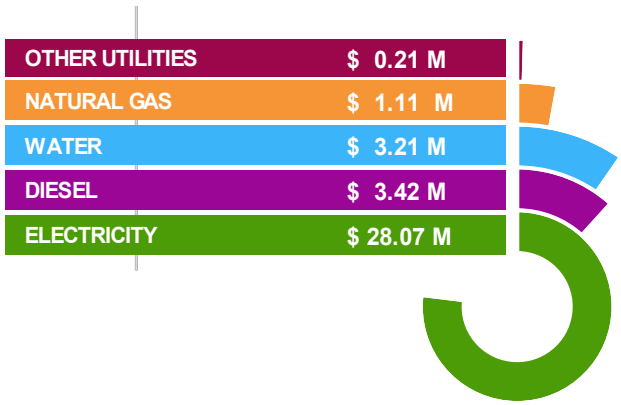
Proposed Fiscal Year 2027 CEB

Energy & Utilities

	FFY26 ($ M)	PFY27 ($ M)	Change ($ M)	Change (%)
Electricity	$ 26.14	$ 28.07	$ 1.93	7.4%
Diesel	3.32	3.42	0.10	2.9%
Water	2.94	3.21	0.27	9.2%
Natural Gas	0.99	1.11	0.12	12.4%
All Other Utilities	0.19	0.21	0.03	14.3%
Total Energy & Utilities	**$ 33.58**	**$ 36.03**	**$ 2.45**	**7.3%**

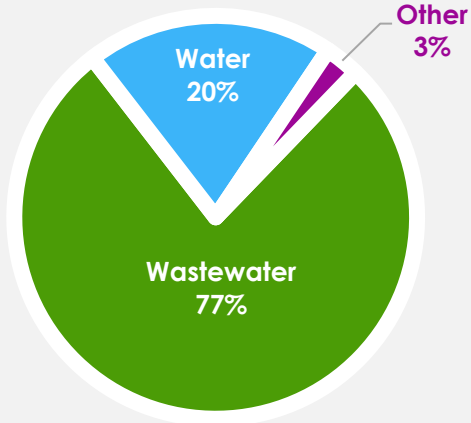
▲ from FFY26 **PFY27 ↑ $ 2.45 M**





PFY27 Energy & Utilities Highlights	
Electricity	↑ 7.4% primarily due to updated pricing for DITP
Diesel	↑ 2.9% due to updated pricing
Natural Gas	↑ 12.4% due to increased volume and pricing for Field Operations facilities
Water	↑ 9.2% due to increased volume and price
Other Utilities	↑ 14.3% primarily due to higher gas use associated with the Needham Core Storage facility

PFY27 Energy & Utilities by Utility



Energy & Utilities

Overview

The proposed FY27 budget for energy and utilities reflects a period of rising costs and continued infrastructure investment in de-carbonization. The total proposed budget for energy and utilities is $36 million, a 7.3% increase from the FY26. Electricity remains the primary component of this expense category, representing 78% of the utility budget and the PFY27 budget has been influenced by high electricity market volatility in FY26. Approximately two-thirds of the electricity generated in Massachusetts is derived from natural gas, the winter price of which rose 61% year-over-year. Diesel expenses totaled **$3.42 million**, a rise of 2.9% from FY26 due to increased prices. The Advisory Board anticipates further increase in diesel expenses in the spring revisits due to the current global constriction of supply in the Strait of Hormuz.

Proposed FY27 Natural gas expenses rose 12.4%, or **$120,000** from FY26 primarily due to increased volume and pricing for Field Operations facilities where it is used for heating. The conversion of facilities from fuel oil to natural gas is part of the Authority's decarbonization strategy. The rehabilitation of Columbus Park and Ward Street Headworks facilities include replacing existing diesel heating systems with a combination of natural gas and electricity.

Water expenses rose 9.2% due to increased volume at Deer Island for the continued rehabilitation of the Primary and Secondary clarifiers as well increased price.

Wastewater is MWRA's most energy intensive utility, accounting for 77% of MWRA's direct expenses in this category. The operation of Deer Island Treatment Plant alone accounts for 56% or **$20.4 million** dollars of the total energy & utilities budget and 66% of all electricity consumed by the Authority. While the new Combined Heat and Power plant is in design to eventually produce 75% of site power, the current budget must absorb rising delivery charges and a 16.2% higher unit price seen in early 2026.

The Western Operations & Maintenance unit which includes the Caroll Water Treatment Plant (JCWTP) accounts for 20% of MWRA's total energy and utility budget. Electricity for JCWTP is currently under an interval contract which provides competitive rates compared to basic service. It also participates in demand response which saves $50 - $70 thousand annually by dropping off the grid during peak periods.

Note on Spring Revisit

Following updated energy forecasts in the Spring Revisit, Energy & Utilities decreased by approximately **$10,000** overall. This reflects an approximate $503,000 reduction in electricity costs due to updated pricing assumptions, which was largely offset by an approximate $297,000 increases in diesel fuel and $207,000 increase in natural gas based on revised fuel cost projections. The change is approximately **$18,000 increase on the water side** and a **$28,000 decrease on the sewer side**.

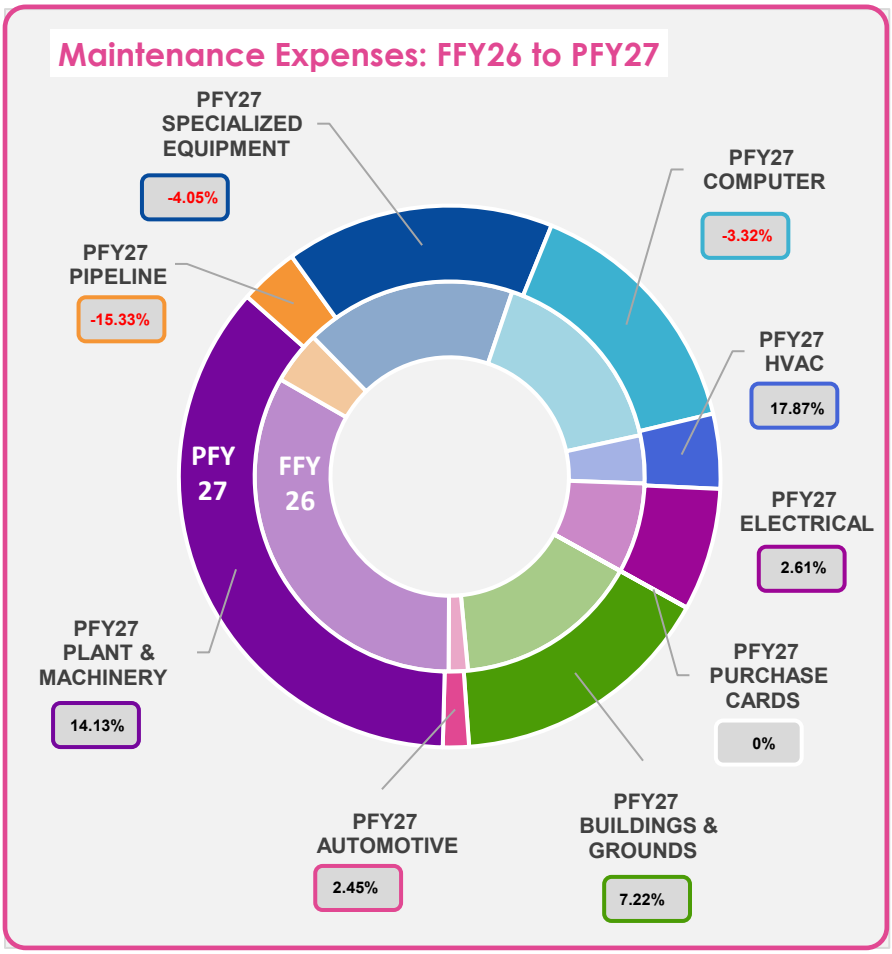
Comment: *The Advisory Board expects MWRA to update its utility expenses in the final budget including:*

- *$28,450 decrease on the Sewer side*
- *$18,056 increase on the Water side*
- *$10,393 net decrease Authority-wide*

Proposed Fiscal Year 2027 CEB

Maintenance

	Final FY26	Proposed FY27	Change ($)	Change (%)
BUILDINGS & GROUNDS	$6,738,426	$7,224,627	486,201	7.22
AUTOMOTIVE	$693,750	$710,750	17,000	2.45
PLANT & MACHINERY	$14,481,100	$16,527,257	2,046,157	14.13
PIPELINE	$1,909,057	$1,616,405	(292,652)	(15.33)
SPECIALIZED EQUIPMENT	$7,647,809	$7,338,184	(309,625)	(4.05)
COMPUTER	$7,156,389	$6,918,791	(237,598)	(3.32)
HVAC	$1,731,647	$2,041,147	309,500	17.87
ELECTRICAL	$3,254,489	$3,339,494	85,005	2.61
PURCHASE CARDS	$10,000	$10,000	0	0.00
TOTAL MAINTENANCE	**$43,622,667**	**$45,726,655**	**2,103,988**	**4.82%**



PFY27 Maintenance Expense Highlights	
Buildings & Grounds	↑ 7.22% ($486K)
Automotive	↑ 2.45% ($17K)
Plant & Machinery	↑ 14.13% ($2.05M) Includes increased equipment work and services, primarily at Deer Island
Pipeline	↓ 15.33% (-$293K)
Specialized Equipment	↓ 4.05% (-$310K) reflects completed projects and lower materials spending
Computer	↓ 3.32% (-$238K) driven by reduced MIS spending
HVAC	↑ 17.87% ($310K) includes heat exchanger project and increased materials
Electrical	↑ 2.61% ($85K)
Purchase Cards	0.00% ($0K) no change

Maintenance

Overview

The proposed FY27 budget includes **$45.73 million** for Maintenance, an increase of **$2.10 million** (4.82%) over FY26. Following last year's decrease, spending is moving up again, largely due to a new round of work at major facilities, especially Deer Island.

At a high level, more funding is being directed toward maintaining major equipment, facilities, and operational systems, while some areas are decreasing as earlier projects are completed or shifted into the capital program. The FY27 budget also follows higher-than-budgeted maintenance spending in FY26, when actual maintenance expenses exceeded budget by **$1.58 million** (6.2%), driven largely by increased material and inventory costs tied to ongoing operational needs.

Plant & Machinery: Deer Island Drives the Increase

Plant & Machinery increases by **$2.05 million** (14.13%), from **$14.48 million** in FY26 to **$16.53 million** in FY27. This net increase is driven by significantly higher spending at the Deer Island Treatment Plant (DITP), partially offset by reductions in other areas, including Water Operations & Maintenance and Metro Maintenance.

At Deer Island alone, Plant & Machinery costs increase by more than the total category increase, with services rising by **$2.45 million** (50.5%) and materials increasing by **$1.16 million** (32.5%). These increases are offset by decreases elsewhere in the system, which brings the overall net increase down to **$2.05 million**.

The increase in services reflects a new and expanded scope of work, including a project for the Oxygen Generation Facility compressor, along with updated projected work for the Boiler, Steam Turbine Generator (STG), Hydroplant, and Wind Service contract. Additional service-related work includes pipe cleaning at Deer Island and outfall cleaning at Nut Island Headworks.

On the materials side, spending increases by about **$1.0 million** overall. This is driven primarily by Deer Island, where materials increase by **$1.16 million**, partially offset by reductions in other departments. These costs include planned purchases of glass-lined pipe, fittings and valves, a 250 HP reactor gearbox replacement, and maintenance for electric vehicle rolling stock, along with other materials needed to support plant operations.

The increase also follows higher-than-budgeted Plant & Machinery Materials spending in FY26, which exceeded budget by **$463,000** (approximately 10.8%), reflecting continued equipment, inventory, and operational maintenance needs across the system.

These increases are partially offset by projects completed or nearing completion in FY26, including wicket gate work, duct cleaning at pump stations, solar repairs at the Carroll Water Treatment Plant, the North Main Pump Station mechanical seal replacement, W3 line work, and Union Park flood protection.

Building & Grounds and HVAC: Continued Investment in Facilities

Buildings & Grounds increases by **$486,201** (7.22%), driven primarily by higher service costs across the system. Deer Island accounts for a significant portion of this increase, with services rising by **$303,158** (22.0%), alongside additional increases within Operations and Metro Maintenance.

The increase reflects both updated contract costs and new project work, including elevator inspections and controller upgrades, piezometer repairs and upgrades, reservoir spill response equipment, and fragment barriers. These changes point to continued investment in maintaining and improving facility infrastructure across the system.

HVAC increases by **$309,500** (17.87%), from **$1.73 million** in FY26 to **$2.04 million** in FY27. This increase is driven primarily by higher spending within Operations, particularly at Deer Island, and is largely tied to materials, which rise by **$258,000** due to a new project for a shell and tube heat exchanger at the North Main Pump Station. HVAC services also increase by **$51,500**, reflecting higher costs for ongoing maintenance and service contracts across facilities.

Electrical maintenance increases more modestly by **$85,005** (2.61%), with increases at Deer Island and Metro Maintenance partially offset by reductions in Metro electrical services. The FY27 increase follows higher-than-budgeted Electrical Materials spending in FY26, which exceeded budget by **$239,000** (approximately 17.6%), driven by greater-than-anticipated purchases through February.

Pipeline and Specialized Equipment: Pullbacks Offset Growth

Pipeline maintenance decreases by **$292,652** (-15.33%), with reductions in both Operations and Water Operations & Maintenance. The decrease is driven primarily by the completion of Section 89/62A line close valve work, resulting in lower material and service costs in FY27.

With that work completed, spending shifts back toward more routine pipeline maintenance activities and ongoing system upkeep. This also follows lower-than-budgeted Pipe Services spending in FY26, which came in **$249,000** below budget (approximately -35.1%) due to delays in paving and lower-than-anticipated manhole rehabilitation spending.

Specialized Equipment decreases by **$309,625** (-4.05%), reflecting a shift following several completed FY26 projects. The largest reduction occurs within Water Operations & Maintenance, where materials decrease by **$431,499**, along with additional declines in Metro Maintenance.

These reductions are tied to completed work, including hatch covers at Loring Road, wastewater inspection camera purchases, and updated costs associated with air handling units, condensing units, and chillers at Deer Island Buildings 6B and 6C. These decreases are partially offset by targeted increases in the Office of Emergency Preparedness and Operations Support.

The decrease also follows higher-than-budgeted Specialized Equipment Materials spending in FY26, which exceeded budget by **$226,000** (approximately 8.5%), while Specialized Equipment Services finished **$288,000** below budget (approximately -6.2%).

Computer and Administrative Costs: IT Spending Eases Off

Computer-related maintenance decreases by **$237,598** (-3.32%) on an Authority-wide basis. This decrease is driven primarily by reductions in centralized IT spending within MIS, where Computer Services decrease by **$183,591** (-33.0%) and software licenses and upgrades decrease by **$232,814** (-4.4%).

A key factor behind these reductions is the timing and structure of software costs. Many licenses are now purchased as multi-year subscriptions, meaning costs that were incurred in FY26 do not repeat in FY27. In addition, approximately **$253,000** in VM Host Services has been reclassified to the Capital Improvement Program (CIP), further reducing operating budget expenses.

These decreases are partially offset by increased spending in other areas, including a $172,807 increase in Computer Services within Operations Support and a **$51,000** increase in Computer Materials in the Office of Emergency Preparedness.

The FY27 budget also follows higher-than-budgeted Computer Services spending in FY26, which exceeded budget by **$534,000** (approximately 23.6%), reflecting greater-than-anticipated operational and system support needs during the year.

Note on Spring Revisit

Following updated cost estimates in the Spring Revisit, the Maintenance budget increased by **$6.26 million**, bringing the revised total to **$52.0 million**. This reflects a **$3.99 million increase on the Sewer side** and a **$2.27 million increase on the Water side**, driven by updated cost estimates and schedules, particularly in Field Operations and at the Deer Island Treatment Plant.

Comment: *The Advisory Board expects MWRA to update its maintenance expenses in the final budget including:*

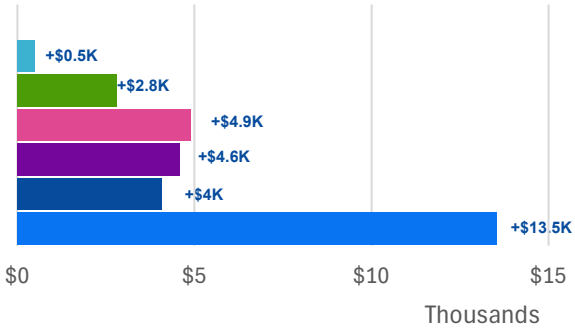
- *$3.99 million increase for Sewer Maintenance*
- *$2.27 million increase for Water Maintenance*
- *$6.26 million net increase for Maintenance overall*

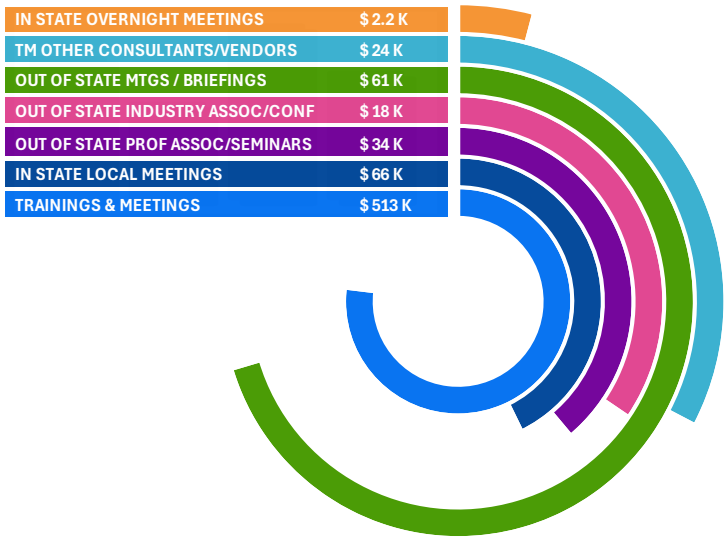
Proposed Fiscal Year 2027 CEB

Training & Meetings

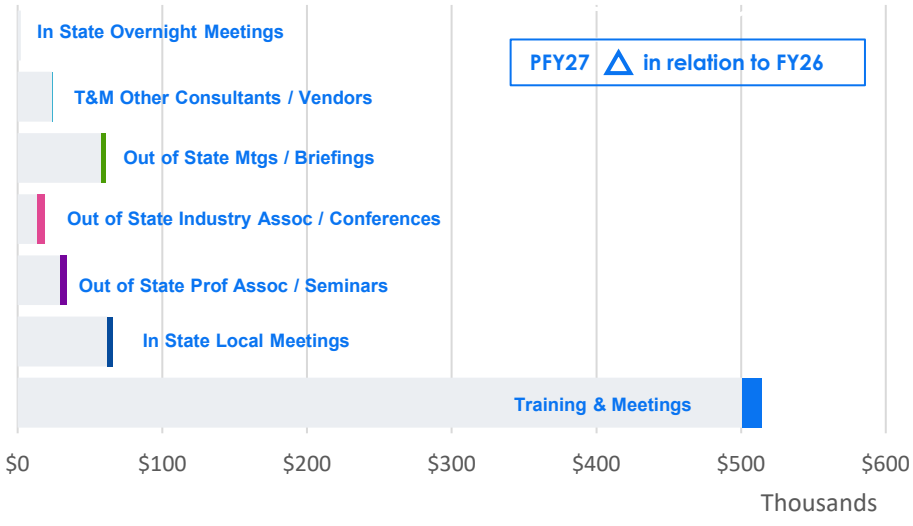
	FY26	PFY27	Change ($)	Change (%)
TRAININGS & MEETINGS	500,426	513,976	13,550	2.7%
OUT OF STATE MTGS / BRIEFINGS	58,140	60,940	2,800	4.8%
OUT OF STATE PROF ASSOC/SEMINARS	29,715	34,315	4,600	15.5%
OUT OF STATE INDUSTRY ASSOC/CONF	13,700	18,600	4,900	35.8%
IN STATE OVERNIGHT MEETINGS	2,225	2,225	0	0.0%
IN STATE LOCAL MEETINGS	61,885	65,965	4,080	6.6%
TM OTHER CONSULTANTS/VENDORS	23,650	24,150	500	2.1%
TOTAL TRAININGS & MEETINGS	**689,741**	**720,171**	**30,430**	**4.41%**

▲ from FY26 **PFY27 ⇧ $ 0.03 M**





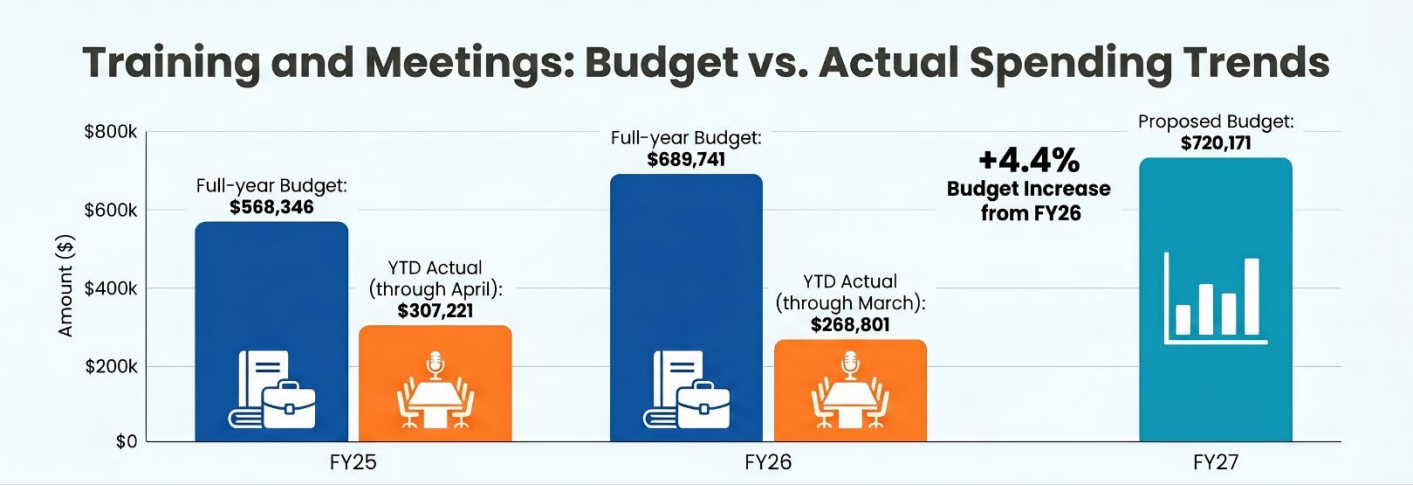
PFY27 Trainings & Meetings Expense Highlights	
Trainings & Meetings	↑ 2.7% ($13.5K)
Out of State Mtgs/Briefings	↑ 4.8% ($2.8K)
Out of State Prof Assoc/Seminars	↑ 15.5% (+$4.6K)
Out of State Industry Assoc/Conf	↑ 35.8% ($5K)
In State Overnight Mtgs	- No change from FY26
In State Local Mtgs	↑ 6.6% ($4K)
TM other Consultants / Vendors	↑ 2.1% ($0.5K)



Training & Meetings

Overview

The Training and Meetings budget for FY27 is $720,171, a 4.4% or $30,430 increase from $689,741 in FY26. This small expense category has historically experienced significant underspending due to less-than-anticipated participation in conferences and meetings by departments such as MIS and the Tunnel Redundancy program arising from project schedules or staffing constraints.



Primary drivers of this line item's increase derive from specific initiatives in FY27.

- **Administration Division:** The Director's Office includes a $4,000 increase based on anticipated needs for the upcoming year.
- **Environmental Quality (ENQUAL):** requested a slight increase to account for higher travel costs associated with training and meetings.
- **Water Quality Department:** increased its budget request to account for staff participation in additional conferences, both as attendees and presenters.

The Authority continues to budget based on full participation goals and anticipated needs for the upcoming year, even though actual spending often falls short. It is a persistent strategy to maintain funding levels that ensure that, if staff are available, the resources exist to support their professional development and technical certification requirements.

Related but not included in this line item, is an $11,000 request from Human Resources for new e-learning authoring and design tools to expand the Authority's capabilities to offer in-house training. This expense is included in the FY27 Other Materials budget as it is a foundational infrastructure investment. By developing content in-house, the Authority aims to support its ongoing succession planning and eventually reduce the need for external travel and out-of-state meeting expenses.

This authoring tool investment complements earlier priorities to implement an Infor/Lawson Learning Management System specifically for non-classroom and online training. Digital modules provide more consistent training on specialized MWRA systems and procedures and preserve institutional knowledge in advance of anticipated retirements in the next several years.

Note on Spring Revisit

Following the Spring Revisit, Training and Meetings increased by **$5,002**, bringing the revised total to **$725,173**. This reflects an increase of **$4,418** on the Sewer side (to **$429,363**) and **$584** on the Water side (to **$295,810**).

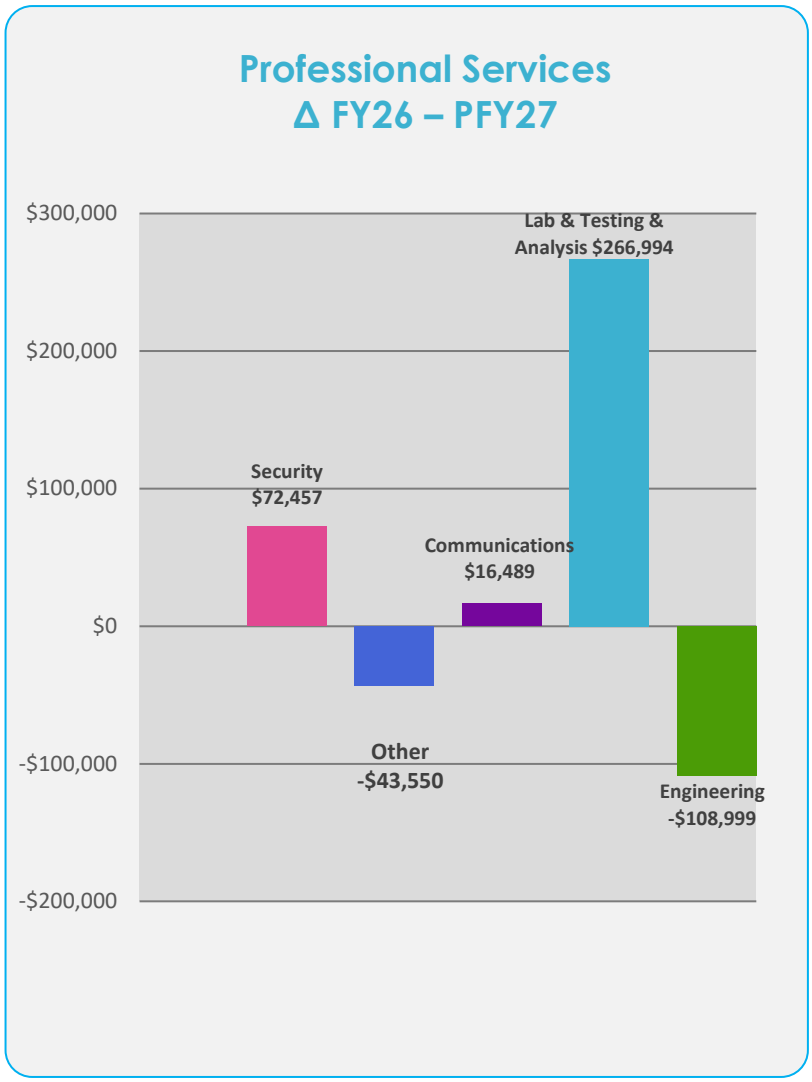
Comment: *The Advisory Board expects MWRA to update its Training & Meetings expenses in the final budget, including:*

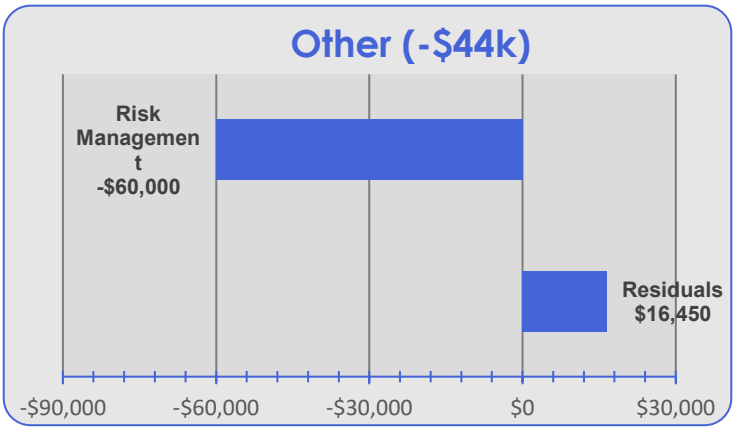
- *$4,418 increase for Sewer*
- *$584 increase for Water*
- *$5,002 increase overall*

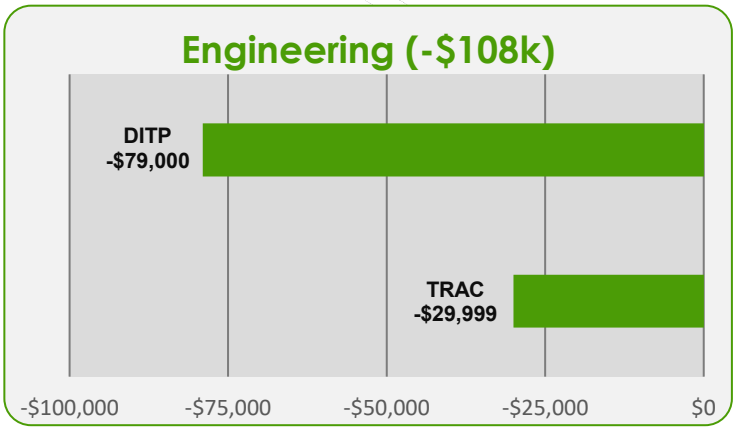
Proposed Fiscal Year 2027 CEB

Professional Services

PFY27 Professional Services Highlights	
Engineering	↓ 20.2% (–$109K) as DITP and TRAC contract work declines.
Security	↑ 2.5% (+$72K) for continued facility coverage.
Communications	↑ 7.5% (+$16K) for expanded outreach support.
Legal	↑ 29.0% (+$225K) due to higher outside counsel costs.
Resident Inspections	Flat, no change.
Lab / Testing / Analysis	↑ 12.0% (+$267K) driven by ENQUAL monitoring programs and contract testing.
Other	↓ 1.5% (–$44K) driven by lower Risk Management, partially offset by new Residuals funding.
Construction Services	Flat, no change.
Computer System Consultant	Flat, no change.







Professional Services

Overview

The Professional Services budget totals **$11.7 million** in FY27, an increase of **$433,000**, or 3.8%, over the FY26 Budget. The increase is driven primarily by higher costs in Laboratory Testing & Analysis and Legal Services, with most other categories remaining level.

Laboratory Testing & Analysis

At the Authority level, Laboratory Testing & Analysis represents the largest increase within Professional Services.

At the department level, this increase is driven by Environmental Quality (ENQUAL), which rises by **$322,714**, or 19.0%, from **$1.70 million** to **$2.02 million**. This increase is largely attributable to higher costs associated with ENQUAL-managed monitoring programs, including Harbor and Outfall Monitoring (HOM) contracts for both water column and benthic sampling.

These contracts increase in FY27 due to cyclical survey work and annual cost escalation, and support ongoing NPDES permit compliance requirements. Additional contract work, including Cape Cod Bay monitoring and effluent toxicity testing, also contributes to overall spending in this category. This increase is partially offset by a decrease in Laboratory Services of **$55,720**, or 14.7%. Overall, Laboratory Testing & Analysis increases on net, with activity concentrated within Operations.

Legal Services

Legal Services increase by **$225,000**, or 29.0%, driven entirely by the Law Department, which rises from **$775,000** to **$1.0 million**. This increase is tied to updated costs for outside counsel.

Engineering Services

Engineering Services decrease overall, with the primary reduction in DITP, down **$79,000**, or 33.8%. TRAC also declines significantly, dropping from **$30,001** to a nominal level. These decreases are partially offset by level funding in other departments, resulting in a net decline in Engineering Services.

Security Services

Security Services increase by **$72,457**, or 2.5%, within the Office of Emergency Preparedness, rising from **$2.95 million** to **$3.02 million**. This remains one of the largest components of the Professional Services budget.

Computer Systems Consultants

Computer Systems Consultant spending remains unchanged at **$1.84 million** in MIS, with an additional **$45,000** in the Office of Emergency Preparedness.

Other Professional Services

The remaining Professional Services categories show limited movement overall. The most notable change is a **$60,000** decrease in Risk Management, partially offset by a new **$16,450** allocation in Residuals. All other major areas remain level-funded.

Note on Spring Revisit

As a result of the Spring Revisit, the Professional Services budget increased by **$650,000**, rising from **$11.74 million** to **$12.39 million**. The increase includes approximately **$273,000** on the Sewer side and **$377,000** on the Water side. This adjustment is driven by the addition of **$400,000** for Computer Systems Consultants in MIS to support staff augmentation for system upgrades, as well as **$250,000** for Resident Inspection services related to dam safety consulting.

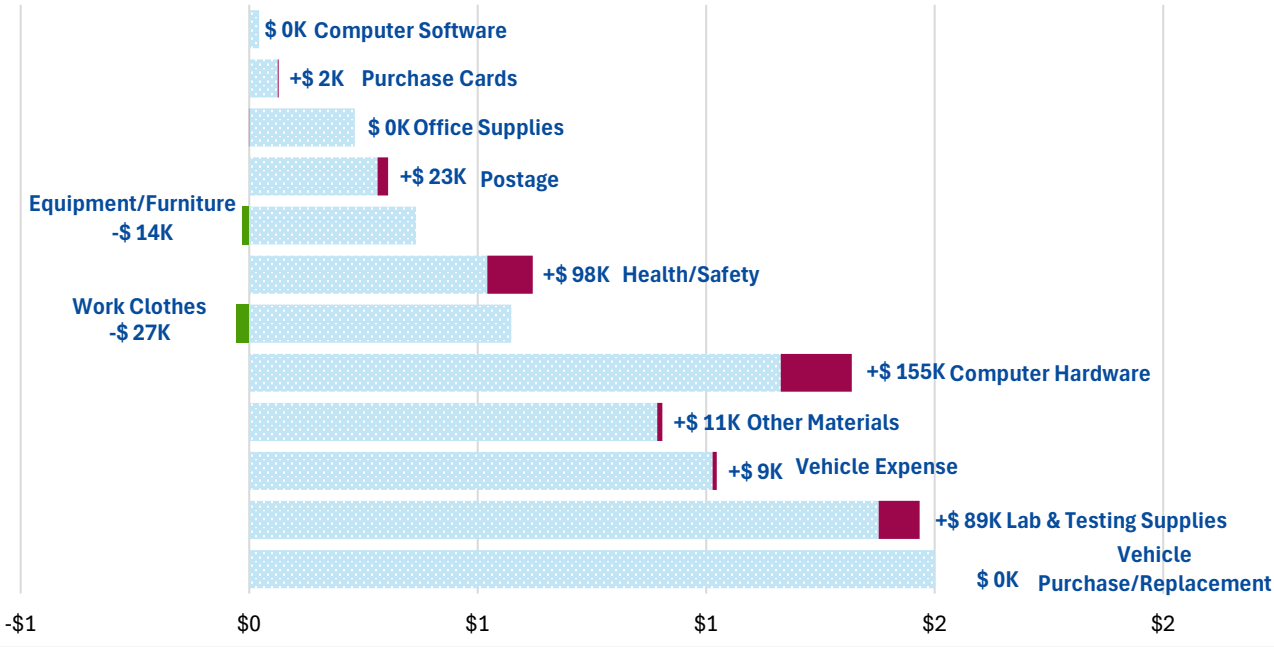
Comment: *The Advisory Board expects MWRA to update its Professional Services budget to reflect Spring Revisit adjustments, including:*

- *$273,099 increase on the Sewer side*
- *$376,901 increase on the Water side*
- *$650,000 net increase Authority-wide*

Proposed Fiscal Year 2027 CEB

Other Materials

	FY26	PFY27	Change ($)	Change (%)
OFFICE SUPPLIES	231,424	231,339	(85)	0.0%
POSTAGE	258,070	281,040	22,970	8.9%
LAB & TESTING SUPPLIES	1,287,686	1,377,217	89,531	7.0%
HEALTH/SAFETY	422,336	521,301	98,965	23.4%
EQUIPMENT/FURNITURE	379,600	365,200	(14,400)	-3.8%
VEHICLE PURCHASE/REPLACEMENT	1,500,000	1,500,000	-	0.0%
WORK CLOTHES	**601,150**	**573,664**	**(27,486)**	**-4.6%**
VEHICLE EXPENSE	1,004,321	1,013,721	9,400	0.9%
OTHER MATERIALS	882,247	893,147	10,900	1.2%
COMPUTER HARDWARE	**1,007,393**	**1,163,093**	**155,700**	**15.5%**
COMPUTER SOFTWARE	21,910	21,910	-	0.0%
PURCHASE CARDS	60,500	62,500	2,000	3.3%
TOTAL EXPENSES	**$ 7,656,637**	**$ 8,004,132**	**$ 347,495**	**4.5%**



PFY27 Other Materials Expense Highlights			
Equipment & Furniture	↓$14k,.	Other Materials	↑ $10k ,
Lab & Testing Materials	↑$89k due to a rising trend in the 3-year average cost	Work Clothes	↑↓$27k,.

Other Materials

Overview

The Other Materials category in the FY27 budget reflects an overall increase of **$347,495**, a 4.5% increase year over year, rising from **$7.66 million** to **$8.0 million**. Other Materials is the second smallest direct expense category.

The primary drivers of this increase include:

- Computer Hardware costs deriving from the server and storage replacements as part of routine infrastructure refreshes. (+~**$156,000**)
- Health and Safety Materials for department-specific safety supplies and equipment. (+~**$99,000**)
- Lab and Testing Supplies (+~**$90,000**) with adjustments made to align the budget with actual departmental supply requirements and spending trends.

Note on Spring Revisit

Following the Spring Revisit, Other Materials increased by **$125,304**, bringing the revised total to **$8,129,436**. This reflects an increase of **$97,759** on the Sewer side (to **$4,716,298**) and **$27,545** on the Water side (to **$3,413,138**). The change is primarily driven by updated projections for computer hardware, which added approximately **$125,000** to the budget for Surface/laptop hardware refresh in MIS.

Comment: *The Advisory Board expects MWRA to update its Other Materials expenses in the final budget, including:*

- *$97,759 increase for Sewer*
- *$27,545 increase for Water*
- *$125,304 increase overall*

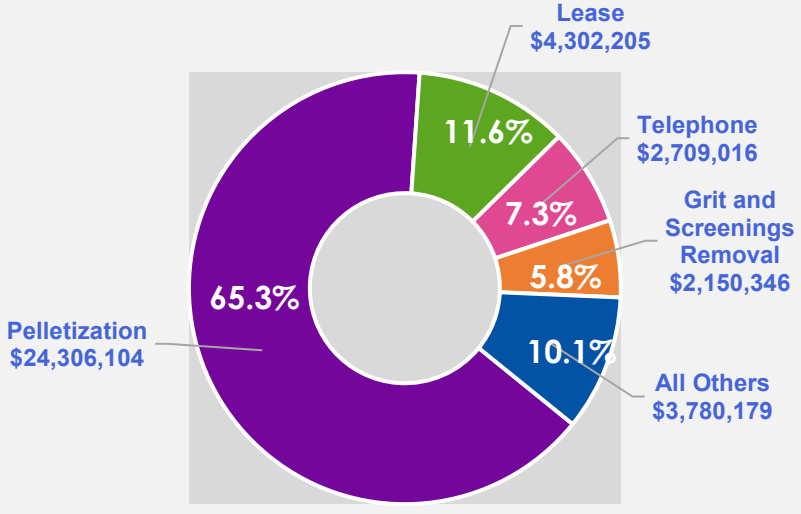
Proposed Fiscal Year 2027 CEB

Other Services

	Budget FY26	Proposed FY27	Change ($)	Change (%)
PELLETIZATION	$ 26,865,266	$24,306,104	-$2,589,162	-9.63%
LEASE	3,572,503	4,302,205	729,702	20.43%
TELEPHONE	2,746,451	2,709,016	-37,435	-1.36%
GRIT & SCREENINGS	2,189,977	2,150,346	-39,631	-1.81%
ALL OTHERS	3,641,175	3,780,179	139,004	3.8%
TOTAL OTHER SERVICES	**$ 39,045,372**	**$ 37,247,850**	**-$1,797,522**	**-4.60%**

PFY27 change in Relation to FY26

PFY27 Other Services



PFY27 Other Services Expense Highlights	
Pelletization	↓ 9.6% ($2.6M) – Removal of $3.6M PFAS-related landfill contingency, partially offset by ~$1.0M in contract inflation (S592).
Lease	↑ 20.4% ($730K) – Driven by Needham facility fit-out and higher Chelsea lease costs.
Telephone	↓ 1.4% ($37K) – Minor net decrease from offsetting changes across departments.
Grit & Screenings Removal	↓ 1.8% ($39.6K) – Updated contract cost estimates.

Other Services

Overview

The Proposed FY27 budget for Other Services totals **$37,247,850**, a decrease of **$1,797,522** (4.6%) from the FY26 budget of **$39,045,372**. This decline is driven primarily by lower Sludge Pelletization costs, partially offset by increases in space lease rentals and police details.

Residuals Handling, Disposal, and PFAS

Spending for residuals handling declines in the Proposed FY27 budget, driven by a **$2,589,162** reduction in Sludge Pelletization. This reflects a reduction from FY26 levels, where approximately **$3.6 million** was included for potential landfill disposal in response to PFAS-related concerns. In the Proposed FY27 budget, this assumption was reduced but not eliminated, with approximately **$2.38 million** in landfill-related costs embedded within Sludge Pelletization based on available contract pricing at the time of budget development.

Historical spending trends also illustrate the uncertainty surrounding these assumptions. In FY26, Sludge Pelletization spending was approximately **$2.0 million** below budget through February because projected landfill disposal costs associated with potential PFAS regulation changes were budgeted but not incurred. As a result, total Other Services spending was approximately **$2.9 million** below budget during the same period.

During the Spring Revisit, Sludge Pelletization costs were updated to reflect revised projections for potential landfill disposal, resulting in an increase of approximately **$2.2 million** on the sewer side. This adjustment reflects updated contractor information and evolving assumptions related to PFAS-related disposal requirements. At **$24.3** million in the Proposed Budget, Sludge Pelletization continues to account for the majority of Other Services spending.

Recommendation: The Advisory Board recommends removing the landfill-related cost assumption included within Sludge Pelletization, including the approximately $2.2 million increase on the sewer side incorporated in the Draft Final FY27 budget and the approximately $2.38 million in landfill-related costs embedded in the Proposed Budget. Given the ongoing uncertainty surrounding PFAS-related disposal requirements, the Advisory Board believes that any additional costs related to landfill disposal can be absorbed within the MWRA's CEB.

Grit & Screenings Removal also decreases slightly, down **$39,631**, reflecting updated contract cost estimates, while Permit Fees within Residuals decline by **$4,500** based on current permitting requirements.

PFAS remains a key consideration in residuals management. MWRA is a passive receiver of PFAS, which enters the system from residential, commercial, and industrial sources and becomes concentrated in biosolids during treatment. As noted in Journal of Environmental Chemical Engineering (2025), conventional wastewater treatment processes do not fully remove PFAS, resulting in their persistence and accumulation in sludge and biosolids.

Current disposal relies on pelletization and beneficial reuse, producing tens of thousands of tons of fertilizer pellets annually for distribution across multiple states. Research also indicates that processes such as drying may reduce measured PFAS concentrations in biosolids, but largely by transferring these compounds to other phases, including vapor and condensate streams, rather than fully eliminating them. In addition, precursor compounds can transform into more stable PFAS over time, further complicating residuals management, as discussed in Environmental Science: Water Research & Technology (2026).

These technical considerations intersect with a rapidly evolving regulatory landscape. Regulatory limits for PFAS in biosolids remain limited and continue to develop, even as concerns over land application and environmental exposure grow. At the state level, Massachusetts is increasing its focus on solid waste oversight, including PFAS

monitoring at landfills, expanded enforcement of waste disposal requirements, and potential updates to solid waste regulations (MassDEP Reports: More Progress Needed to Achieve Statewide Solid Waste Goals, 2026). This uncertainty informed the FY26 contingency for landfill disposal and continues to shape long-term planning, as alternative disposal options remain more limited and often more costly.

MWRA continues to conduct routine PFAS sampling across influent, effluent, and biosolids to meet permit requirements, supported by both in-house laboratory capacity and contract services. A one-year contract for PFAS analysis of wastewater samples, totaling approximately $134,000, supports ongoing monitoring at the Deer Island and Clinton treatment plants.

Facilities and Space-Related Costs

Facility-related costs increase in FY27, led by a **$729,702** increase in Space Lease & Rentals, bringing the total to **$4.3 million**. This increase is driven primarily by the fit-out of the Needham Facility for construction management services, as well as updated lease costs for the Chelsea Facility.

Police Details

Police Details increase by **$114,916**, reaching **$698,903** in FY27. This increase is driven primarily by higher costs within Water Operations & Maintenance and Operations Support.

Administrative and Programmatic Services

The Administrative and support-related categories remain largely stable, with a few targeted adjustments.

Health & Safety increases by **$27,000**, while Telephone spending decreases by **$37,435**. Memberships, Dues & Subscriptions decline by **$18,930**. Moving & Freight decreases by **$50,000**, and Other Services increases by **$70,469**, including a **$62,716** increase within the Executive Office.

Printing, Advertising, and Other Rentals remain essentially unchanged.

Note on Spring Revisit

The Other Services line item increases by approximately **$2.1 million** following the Spring Revisit. This change is driven primarily by an increase in Sludge Pelletization to reflect revised projected landfill disposal costs associated with potential PFAS-related regulatory changes. This increase is partially offset by a small decrease on the water side, resulting in a revised total of approximately **$39.4 million**.

Comment: *The Advisory Board expects MWRA to update its Other Services budget to reflect Spring Revisit adjustments, including:*

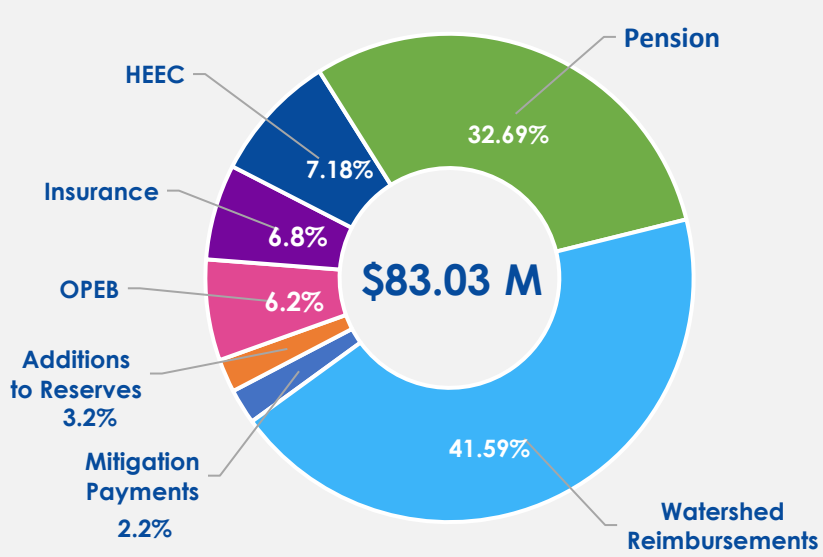
- *$2,196,442 increase on the Sewer side*
- *$(68,018) decrease on the Water side*
- *$2,128,424 net increase Authority-wide*

Proposed Fiscal Year 2027 CEB

Indirect Expenses

	FY26 ($ M)	PFY27 ($ M)	Change ($ M)	Change (%)
MITIGATION PAYMENTS	$ 1.87	$ 1.92	$ 0.05	2.5%
ADDITIONS TO RESERVES	1.97	2.86	0.89	45.4%
OTHER POST-EMPLOYMENT BENEFITS (OPEB)	5.35	5.40	0.05	1.0%
INSURANCE	5.53	5.93	0.40	7.2%
HEEC PAYMENTS	6.84	6.24	-0.59	-8.7%
PENSION	26.35	28.41	2.06	7.8%
WATERSHED REIMBURSEMENTS	35.12	36.14	1.03	2.9%
TOTAL INDIRECT EXPENSES	**$ 83.03**	**$ 86.90**	**$ 3.87**	**4.7%**

PFY27 Indirect Expenses



PFY27 Indirect Expense Highlights	
Pension	↑ 7.8% (+$2.06M) to support 2030 full funding target.
OPEB	↑ 1.0% (+$55K) based on updated contribution levels.
Insurance	↑ 7.2% (+$398K) from higher premiums.
Additions to Reserves	↑ 45.4% (+$894K) from increased Operating Reserve funding.
HEEC	↓ 8.7% (–$595K) per updated cost estimates.
Watershed	↑ 2.9% (+$1.03M) from wage, maintenance, and PILOT increases.
Mitigation Payments	↑ 2.5% (+$47K) for Quincy and Winthrop per agreement.

Indirect Expenses

Overview

MWRA's proposed FY27 Current Expense Budget (CEB) increases Indirect Expenses by $3.87 million, or 4.7%, rising from $83.03 million in FY26 to $86.90 million in FY27.

Pension Expense
Pension expense increases by **$2.06 million**, or 7.8%, from **$26.35 million** in FY26 to **$28.41 million** in FY27. Compared to FY25 actual spending, pension costs increase by **$7.15 million**, or 33.6%.

The FY27 contribution includes an Actuarially Required Contribution of **$21.9 million** and an additional payment of **$6.5 million**. The pension system is approximately 87.1% funded and remains on track to reach full funding by 2030.

Contribution levels continue to follow a schedule that assumes approximately 19.4% annual growth, with sensitivity to salary increases and the continued recognition of prior investment losses.

Watershed Reimbursements
Watershed reimbursements increase by **$1.03 million**, or 2.9%, from **$35.12 million** to **$36.14 million**. Watershed reimbursement costs increase by **$870,626**, or 3.4%, and Payments in Lieu of Taxes (PILOT) increase by **$155,473**, or 1.7%. Compared to FY25, total reimbursements increase by **$7.18 million**, or 24.8%.

The increase reflects higher operating costs, including contractual wage increases, maintenance expenses, and PILOT obligations to watershed communities.

FY26 watershed and PILOT spending are expected to be approximately **$2.66 million**, or 7.6%, below budget, primarily due to lower spending on wages, salaries, fringe benefits, and maintenance. FY27 projections incorporate updated operating and labor cost assumptions.

Insurance
Insurance expenses increase by **$397,989**, or 7.2%, from **$5.53 million** to **$5.93 million**. Premiums increase by **$390,692**, or 7.5%, while payments and claims increase by **$7,297**, or 2.3%. Compared to FY25, total insurance costs increase by **$1.16 million**, or 24.4%.

FY26 insurance spending are expected to be approximately **$319,944**, or 5.8%, below budget, driven by lower premiums of approximately **$408,000** partially offset by higher payments and claims of approximately **$126,000**. Premium growth is consistent with current insurance market conditions and inflation. Claim payments are based on a rolling five-year average, which moderates year-to-year variability. MWRA continues to operate under a hybrid structure combining self-insurance with catastrophic coverage.

Debt Service
Debt service increases by **$3.40 million**, or 0.7%, from **$508.71 million** to **$512.11 million**. Revenue bond debt service increases by **$28.75 million**, or 9.9%, while subordinate debt decreases by **$28.12 million**, or 30.8%. Debt prepayments increase by **$2.00 million**, or 23.5%, and current revenue funding increases by **$1.00 million**, or 4.7%.

Overall debt service remains relatively stable year over year, reflecting the timing of issuances, refinancing activity, and continued use of prepayments.

Other Post-Employment Benefits (OPEB)
OPEB costs increase by **$54,948**, or 1.0%, from **$5.35 million** to **$5.40 million**. Compared to FY25 actual spending, OPEB costs increase by **$123,324**, or 2.3%.

The FY27 contribution represents approximately 50% of the Annual Determined Contribution (ADC), consistent with MWRA's phased prefunding strategy. The OPEB Trust balance is approximately **$100 million**, with funding levels significantly higher than most public sector peers.

HEEC

HEEC-related expenses decrease by **$594,906**, or 8.7%, from **$6.84 million** in FY26 to **$6.24 million** in FY27. The HEEC revenue requirement decreases by **$527,779**, or 8.7%, and the HEEC true-up is eliminated. Compared to FY25, HEEC costs decrease by **$2.02 million**, or 24.4%.

FY26 HEEC spending is expected to be approximately $150,338, or 2.2%, below budget, driven by lower HEEC Revenue Requirement costs of approximately $36,000 and lower HEEC O&M Charge costs of approximately $14,000.

Mitigation Payments

Mitigation payments increase by **$46,728**, or 2.5%, from **$1.87 million** to **$1.92 million**, consistent with established agreements with the host communities of Quincy and Winthrop.

Additions to Reserves

Additions to reserves increase by **$893,524**, or 45.4%, from **$1.97 million** to **$2.86 million**. Compared to FY25 actual spending, reserve contributions increase by **$954,732**, or 50.1%.

The Operating Reserve remains governed by the General Bond Resolution requirement to maintain a balance equal to one-sixth of annual operating expenses. Based on the FY27 budget, the required reserve level increases to approximately **$64.6 million**, compared to **$61.8 million** in FY26.

Pension at the MWRA

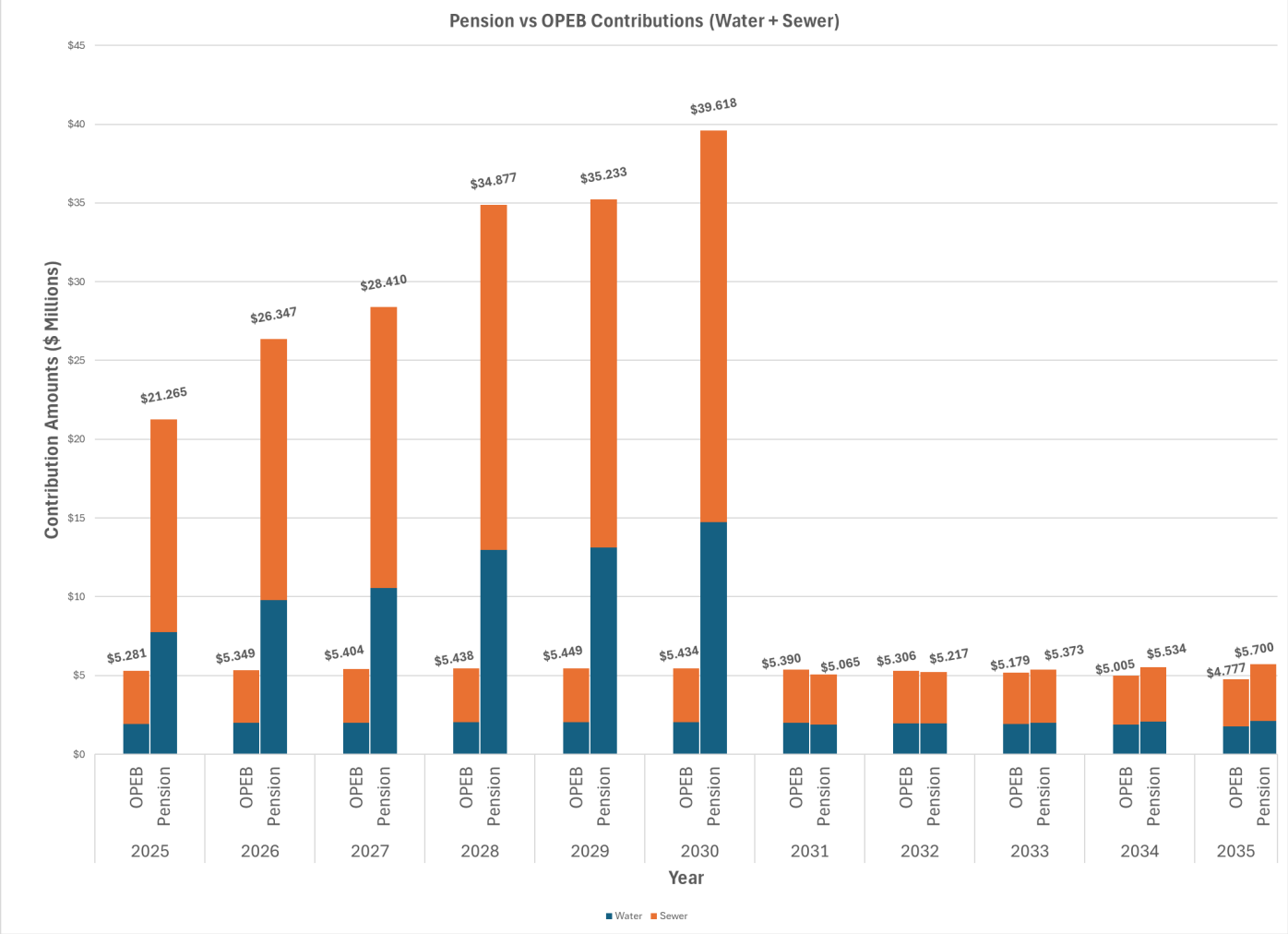
The Path to Full Funding

Pension and OPEB obligations are part of the long-term financial architecture of the MWRA system. They do not always draw the same attention as capital projects, regulatory mandates, or annual rate recommendations, but they directly affect the Current Expense Budget and the assessments paid by member communities.

MWRA's approach to these obligations reflects financial discipline in action. The pension system is nearing its statutory full-funding deadline, and the Authority's OPEB trust is significantly stronger than many public-sector peers. Those are strengths. But as these funding strategies mature, the central question is shifting from whether MWRA is making progress to how that progress should be managed in the next phase. Formal policies for pension funding and OPEB trust utilization would help preserve stability, maintain transparency, and ensure that long-term benefit obligations remain sustainable, predictable, and responsible for ratepayers.

MWRA's pension system is governed by a statutory requirement to reach full funding by 2030. This requires eliminating the unfunded liability, which is the gap between the total value of promised benefits and the assets available to pay them.

Pension expense in the FY27 budget increases by $2.06 million, or 7.8%, rising from **$26.35 million** in FY26 to **$28.41 million** in FY27. Compared to FY25 actual spending, pension costs increase by **$7.15 million**, or 33.6%.



As the system approaches full funding, sensitivity to changes in assumptions and experience increases. Smaller variations in investment performance, salary growth, and workforce patterns can have a measurable impact on required contributions. The focus has shifted from reducing a large unfunded balance to managing contribution levels and maintaining stability in the remaining years of the funding schedule, and preparing for the policy decisions that will follow once full funding is achieved.

How Contributions Are Determined

Each year, MWRA's actuary calculates the required contribution through an actuarial valuation. This determines how much must be contributed to keep the system on track.

The required contribution consists of two components. The normal cost represents the value of benefits earned by employees in the current year. The amortization payment is used to reduce the unfunded liability. Together, these form the Actuarially Determined Contribution.

To meet the 2030 deadline, the current funding schedule assumes contribution growth of approximately 19.4% annually. This reflects the limited time remaining to eliminate the unfunded balance.

MWRA also makes additional payments beyond the required contribution. In FY27, this includes an additional contribution of approximately **$6.5 million**, separate from the **$21.9 million** Actuarially Required Contribution. This follows a similar approach in FY26, when an additional **$8.0 million** contribution was included above the required funding level.

These additional payments are not mandated and are kept separate from the required contribution to preserve flexibility. If incorporated into the Actuarially Determined Contribution, they could become effectively fixed and reduce MWRA's ability to adjust its funding strategy in future years.

That distinction matters because flexibility itself has value when long-term obligations must be managed alongside other rate pressures.

Additional contributions have a measurable impact on the funding path. In prior projections, increasing these payments reduced the unfunded liability and lowered future required contributions by approximately $19.9 million over the funding period. Because these payments are made as cash contributions, they immediately strengthen the system's asset base and reduce reliance on higher contribution growth in later years, and help smooth future rate pressure.

In other words, MWRA is no longer simply paying down a past liability; it is actively managing the timing, flexibility, and rate impact of the final path to full funding.

Administrative costs associated with the pension system have also increased, from approximately $600,000 to $800,000, and are being incorporated into the actuarial assumptions. While relatively small, these costs feed directly into the normal cost and contribute to upward pressure on total contributions.

Investment Performance and Smoothing

Investment performance affects pension funding, but not immediately. MWRA uses a five-year smoothing method, which spreads gains and losses over time.

The system experienced a significant investment loss in 2022, approximately -19%, which created a large actuarial loss. At the most recent valuation, roughly **$30 million** in losses remained unrecognized and are still being incorporated into the funding schedule.

Recent performance has been stronger, including a return of approximately 11.6% in FY25, above the 6.9% assumed rate of return. These gains will offset prior losses, but only gradually.

Because of this timing difference, contribution requirements may continue to increase in the near term even as investment performance improves. The funding schedule can appear to worsen temporarily as earlier losses are fully recognized.

This lag is important for rate planning because pension contributions may continue to place pressure on the operating budget even when recent market performance has improved, underscoring the need for a policy framework that can manage timing differences transparently.

Salary Growth and Immediate Impacts

Salary growth affects pension costs immediately and is not smoothed. Pension benefits are based in part on final average salary, so increases near retirement can significantly increase the value of future benefits.

Recent experience has included salary increases approaching 8% in a single year, higher than the long-term assumption. To address this, the actuarial model has temporarily increased the salary growth assumption to approximately 5% for three years, compared to a long-term assumption closer to 4%.

Irregular salary patterns remain a source of risk. When salary growth exceeds expectations, liabilities increase faster than projected, resulting in actuarial losses.

This reinforces the importance of aligning compensation decisions, staffing assumptions, and long-term benefit costs within the same financial planning framework, rather than treating them as separate budget questions.

Balancing Cost and Stability

Pension contributions are a direct component of MWRA's operating budget and therefore affect water and sewer rates. Increases in required contributions translate directly into rate pressure on member communities, as pension costs are funded through MWRA's operating budget.

The Retirement Board actively evaluates funding scenarios each year. This includes adjusting contribution growth, varying the timing of additional payments, and distributing costs across years. The objective is to meet the 2030 requirement while avoiding sharp year-to-year increases that would create unnecessary rate pressure.

Additional payments play a key role in this strategy. Because they are cash contributions and not subject to smoothing, they immediately improve the system's funded position and reduce reliance on higher contribution growth in later years. The recurring theme is stability: MWRA has tools to manage pension costs, but those tools become more effective when guided by a clear policy rather than annual judgment alone.

Planning Beyond 2030

Reaching full funding in 2030 will eliminate the unfunded liability, but it will not eliminate the need for pension funding discipline. MWRA will still need to fund the normal cost of benefits earned by active employees, manage investment gains and losses, and decide how much cushion is appropriate to protect against future volatility. In that sense, full funding is not the end of the policy question; it is the beginning of the next one.

There is ongoing discussion of maintaining a funded ratio above 100%, potentially in the range of 105% to 110%, to provide a buffer against market volatility.

That discussion highlights the next policy question. There is currently no clearly defined statutory framework for managing gains and losses after full funding is achieved. Without a formal policy, decisions about surplus assets, future losses, contribution stability, and ratepayer impacts could become ad hoc at precisely the point when MWRA should be preserving the stability it worked to achieve.

As the system approaches full funding, the focus is shifting toward precision, stability, and risk management. The

remaining years of the funding schedule will require careful coordination of contributions, assumptions, and policy decisions to balance long-term sustainability with ratepayer impacts. A formal policy would help ensure that the transition from closing the unfunded liability to maintaining a stable funded position is handled transparently and consistently.

Recommendation: **The Advisory Board recommends that MWRA establish a formal pension funding policy before full funding is achieved in 2030. The policy should address target funding levels above 100%, treatment of future gains and losses, contribution stability, and the use of any funded-position buffer to reduce the risk of returning to an underfunded position while maintaining transparency around ratepayer impacts.**

Other Post-Employment Benefits (OPEB)

A Strong Funding Position

MWRA provides Other Post-Employment Benefits (OPEB), primarily retiree health insurance, as part of its long-term obligations. Unlike pensions, OPEB funding is not subject to a statutory schedule, and many public employers fund these costs on a pay-as-you-go basis.

MWRA has taken a different approach by prefunding its OPEB liability through a dedicated trust. As of the most recent valuation, the Authority holds approximately **$100 million** in trust assets against a total liability of approximately **$195 million**, resulting in a funded ratio of about 55%. This places MWRA among the highest-funded public OPEB systems in Massachusetts.

For FY27, the OPEB contribution increases by **$54,948**, or 1.0%, rising from **$5.35 million** in FY26 to **$5.40 million** in FY27. Compared to FY25 actual spending, OPEB costs increase by $123,324, or 2.3%. Contributions continue to be invested in the trust, while retiree healthcare premiums are paid from the Current Expense Budget.

That strong position is a credit to MWRA's long-term financial planning, but it also creates the next policy question: how and when trust assets should eventually be used.

Future Use of the Trust

MWRA's long-term funding plan targets full funding of the OPEB liability by approximately **2037**. At that point, the Authority may begin using trust assets to pay retiree healthcare costs.

That transition represents a policy decision, not simply an accounting change. The shift from operating-budget funding to trust-funded benefits could affect future Current Expense Budget pressure, rate planning, trust sustainability, and the stability of retiree healthcare funding.

The transition from operating budget funding to trust-funded benefits has not been formally defined. MWRA has not established a clear policy for when or how the trust will be used. A funded ratio of 100% does not ensure stability, as investment returns vary from year to year. A single year of negative performance could reduce the funded ratio below full funding.

The timing and structure of any drawdown will require formal policy decisions. Options include a gradual transition, partial use of trust assets, or maintaining a buffer above full funding before shifting costs. These decisions will affect both the long-term sustainability of the trust and the level of future pressure on the operating budget.

Financial and Operational Impacts

OPEB costs are currently part of MWRA's operating budget and therefore affect water and sewer rates. A future shift to trust-funded benefits could reduce pressure on the Current Expense Budget, depending on how the transition is structured.

The Authority's strong funding position also supports stability in retiree healthcare benefits. In systems with low funding levels, benefits are often reduced when costs increase. MWRA's prefunding approach reduces this risk and provides greater certainty for employees and retirees.

Future decisions on trust utilization will directly affect the level and timing of OPEB costs within the operating budget and, in turn, future rate impacts. Strong funding creates flexibility, but that flexibility should be guided by a clear policy

so that future drawdowns, buffers, and budget impacts are managed transparently.

OPEB remains a significant long-term obligation, but the Authority has flexibility in how it manages funding and future policy decisions. Continued contributions, combined with a defined strategy for trust utilization, will be important in maintaining financial stability and managing future cost impacts.

Taken together, pension and OPEB illustrate a broader theme in this year's review. Long-term obligations cannot be managed only at the moment they appear in the annual budget. They require clear assumptions, defined policies, and transparent decisions about how costs are smoothed, funded, or drawn down over time. As MWRA enters a period of cumulative financial pressure, these policies will help ensure that today's funding decisions support tomorrow's rate stability rather than creating new uncertainty.

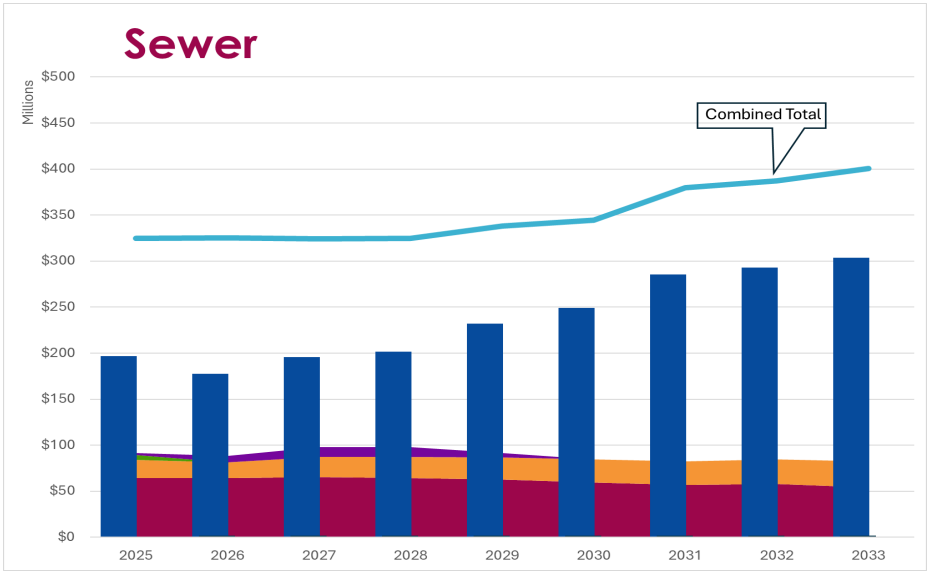
Recommendation: The Advisory Board recommends that MWRA establish a formal OPEB trust utilization policy before trust assets are used to offset retiree healthcare costs. The policy should address target funding levels, conditions for drawing on trust assets, use of any funded-position buffer, treatment of investment gains and losses, and how future trust use will be reflected in the Current Expense Budget and long-term rate planning.

Proposed Fiscal Year 2027 CEB

Capital Financing

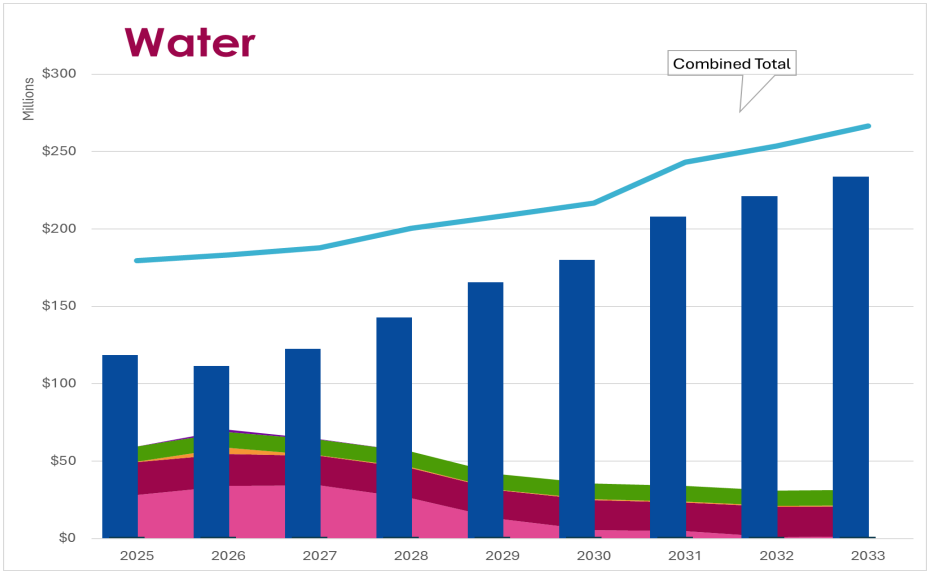
Annual Expense $ M

	2027	2029	2032	2035
Chelsea Lease	10.3	4.9	0.0	0.0
Debt Service Prepayment	0.0	0.0	0.0	0.0
Revenue for Capital	22.1	24.0	27.0	29.9
Variable Rate Debt Service	29.0	12.2	7.7	13.2
SRF Debt Service	65.4	62.8	57.8	52.8
Senior Debt Service	196	232	293	334



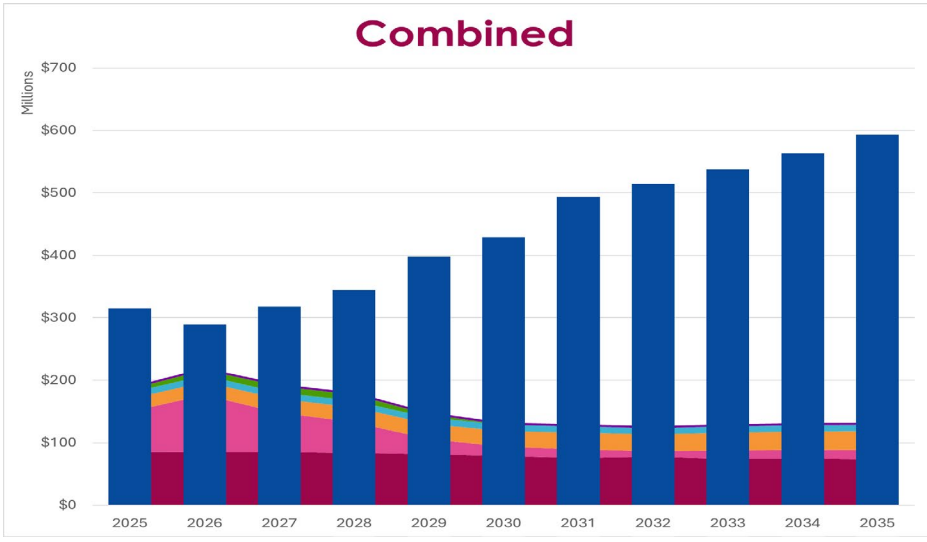
Annual Expense $ M

	2027	2029	2032	2035
Debt Service Prepayment	1.2	1.2	1.2	1.2
Revenue for Capital	0.2	0.1	0.0	0.0
Chelsea Lease	10.1	10.1	10.1	10.1
CP Interest - Water Pipeline Program	0.4	0.5	0.5	0.6
SRF Debt Service	19.2	18.5	19.6	20.6
Variable Rate Debt Service	34.2	12.5	0.9	1.5
Senior Debt Service	122	166	221	259



Annual Expense $ M

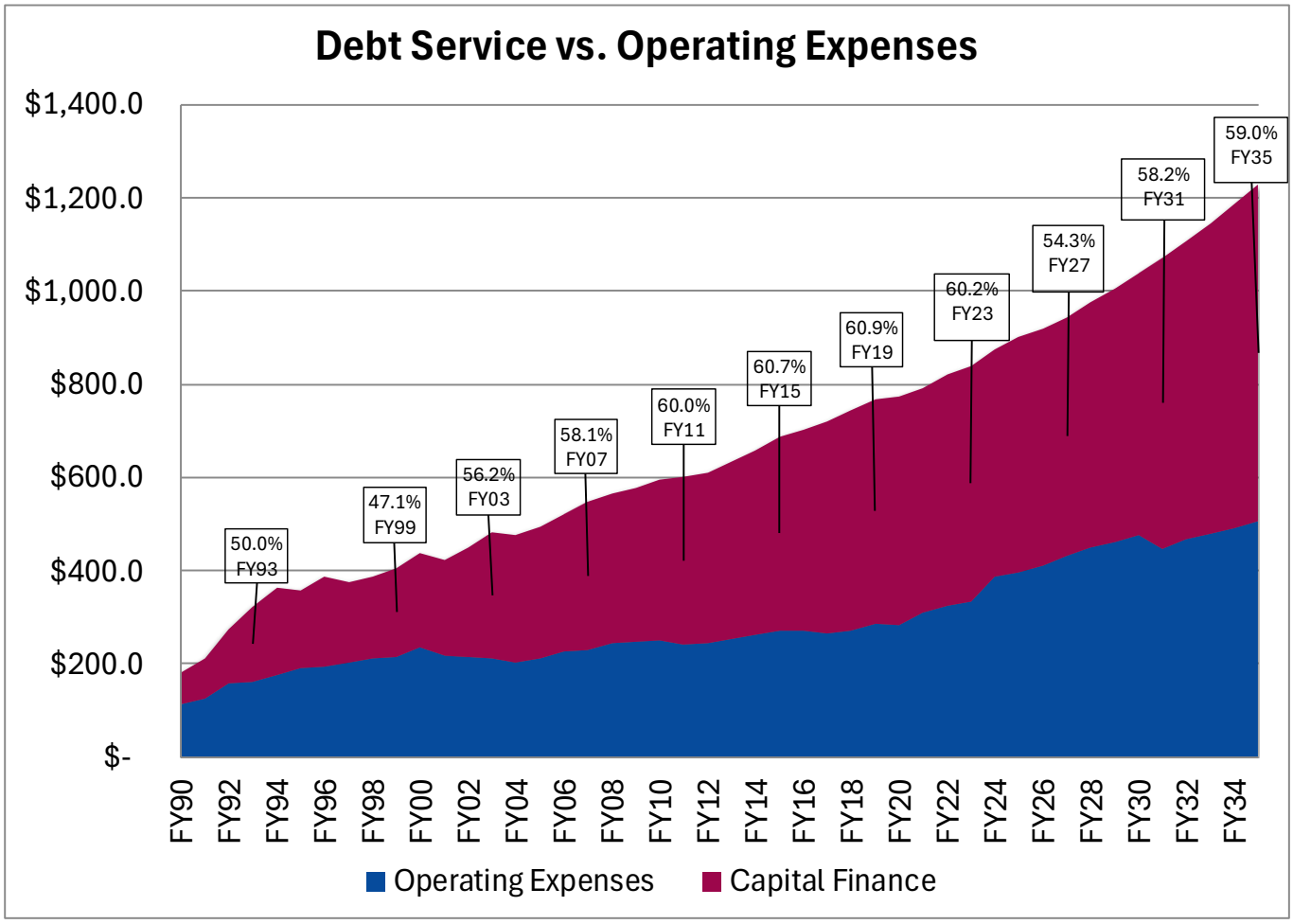
	2027	2029	2032	2035
Chelsea Lease	3.2	3.2	3.2	3.2
Debt Service Prepayment	10.5	5.0	0.0	0.0
CP Interest - Water Pipeline Program	10.1	10.1	10.1	10.1
Revenue for Capital	22.5	24.5	27.5	30.5
Variable Rate Debt Service	63.2	24.7	8.5	14.7
SRF Debt Service	84.6	81.2	77.4	73.4
Senior Debt Service	318	398	514	593



Capital Financing

Managing Debt, Investment, and Long-Term Obligations

Capital Financing remains the largest component of the Current Expense budget. In FY27, capital financing costs total **$512.1 million** and account for 54.3% of total expenses, compared to 55.3% in FY26.



The majority of capital financing expenses relate to long-term fixed rate senior debt service associated with prior investments in water and sewer infrastructure and ongoing system maintenance. In FY27, **$318.0 million**, or approximately 62% of total capital financing costs, is attributed to senior debt service.

Looking ahead, capital financing costs are projected to increase steadily over the planning horizon, rising from **$512.1 million** in FY27 to over **$725 million** by FY35 as the Authority continues to invest in asset protection and water system reliability. As a result, debt service reflects not only current borrowing needs, but the cumulative effect of investments made over time.

As capital financing costs continue to grow over the planning horizon, the timing and scale of new debt issuance will play an increasingly important role in determining future assessments. Large-scale investments, including the Metropolitan Water Tunnel and the Combined Sewer Overflow Long-Term Control Plan, are expected to add significant long-term debt service obligations, which will need to be absorbed within existing rate structures or through future rate increases.

MWRA continues to actively manage its debt portfolio through a combination of financing strategies, including the use of subsidized borrowing through the State Revolving Fund, variable rate debt, refunding transactions, and defeasance. These tools are used to control borrowing costs, maintain flexibility, and smooth the impact of capital spending on ratepayers.

During FY26, lower-than-anticipated variable rate interest expense and additional State Revolving Fund (SRF) savings allowed approximately **$2.8 million** to be transferred to the Defeasance account, reducing projected debt service costs reflected in the FY27 budget.

At the same time, changes in financing programs and continued capital investment needs are expected to place upward pressure on capital financing costs. As a result, careful management of debt structure, interest rate exposure, and financing strategy remains central to maintaining stable and predictable rate increases, as well as meeting required coverage levels.

Coverage and Financial Flexibility

In addition to funding debt service, MWRA is required to maintain a minimum level of coverage, which provides an added layer of financial protection for bondholders. In simple terms, coverage means that the Authority must generate revenues that exceed its annual debt service obligations by a defined margin. For subordinate debt, this requirement is generally set at 110% of annual debt service.

Coverage is calculated by comparing total revenues to required expenses, including operations and debt service, with the remaining funds serving as a cushion. This cushion is supported by items such as current revenue for the capital program and other discretionary funding sources, which could be redirected if needed to meet debt service requirements.

Maintaining strong coverage is important for preserving MWRA's credit ratings and access to low-cost borrowing. Higher coverage levels are viewed favorably by rating agencies, as they demonstrate financial flexibility and the ability to absorb unexpected costs or revenue fluctuations.

At the same time, coverage represents a real cost to ratepayers, as revenues must be set not only to meet operating and debt service needs, but also to provide this additional margin. Decisions around current revenue for capital, optional debt payments, and other uses of available funds all influence coverage levels and overall financial strategy.

Looking ahead, coverage will remain an important consideration as the Authority undertakes a new generation of capital investments and system improvements, including major initiatives such as the Combined Sewer Overflow Long-Term Control Plan. These projects will require significant financing, and debt service will continue to build as new borrowing is layered onto existing obligations. Maintaining adequate coverage will be essential to supporting continued access to capital markets at favorable rates while managing the long-term impact on assessments.

Water System Debt

Capital financing expenses for the water utility total **$187.8 million** in FY27, an increase of **$4.4 million**, or 2.4%, from FY26.

This increase reflects ongoing borrowing to support the capital program, as well as the timing of debt issuance and repayment. Water-related debt service continues to grow as the Authority advances investments in system reliability, redundancy, and long-term asset protection.

A significant portion of water system debt reflects prior investments in major system improvements, including the MetroWest Water Supply Tunnel and the John J. Carroll Water Treatment Plant, which enhanced system reliability and water quality. Although these projects are complete, their associated debt continues to be repaid and remains embedded in current costs.

In addition, ongoing capital spending to maintain and rehabilitate pipelines, pump stations, storage facilities, and other distribution system assets continues to contribute to current borrowing levels. These investments, while less visible than earlier megaprojects, are essential to maintaining reliable service and water quality across the system.

Wastewater System Debt

Capital financing expenses for the wastewater utility total **$324.3 million** in FY27, a decrease of **$1.0 million**, or 0.3%, from FY26.

The slight decrease reflects the structure and timing of existing debt service, partially offset by new borrowing. Wastewater-related debt service remains the larger share of total capital financing, reflecting the historic concentration of capital investment in wastewater infrastructure.

A substantial portion of wastewater system debt is associated with the construction of the Deer Island Treatment Plant and related facilities, which were central to the cleanup of Boston Harbor. While these projects are complete, their long-term financing continues to drive current debt service costs.

Interest Rate Assumptions and Cost Management

Interest rate assumptions play a significant role in determining MWRA's annual debt service costs, particularly for variable rate debt and short-term borrowing. These assumptions are reviewed regularly and updated to reflect current market conditions.

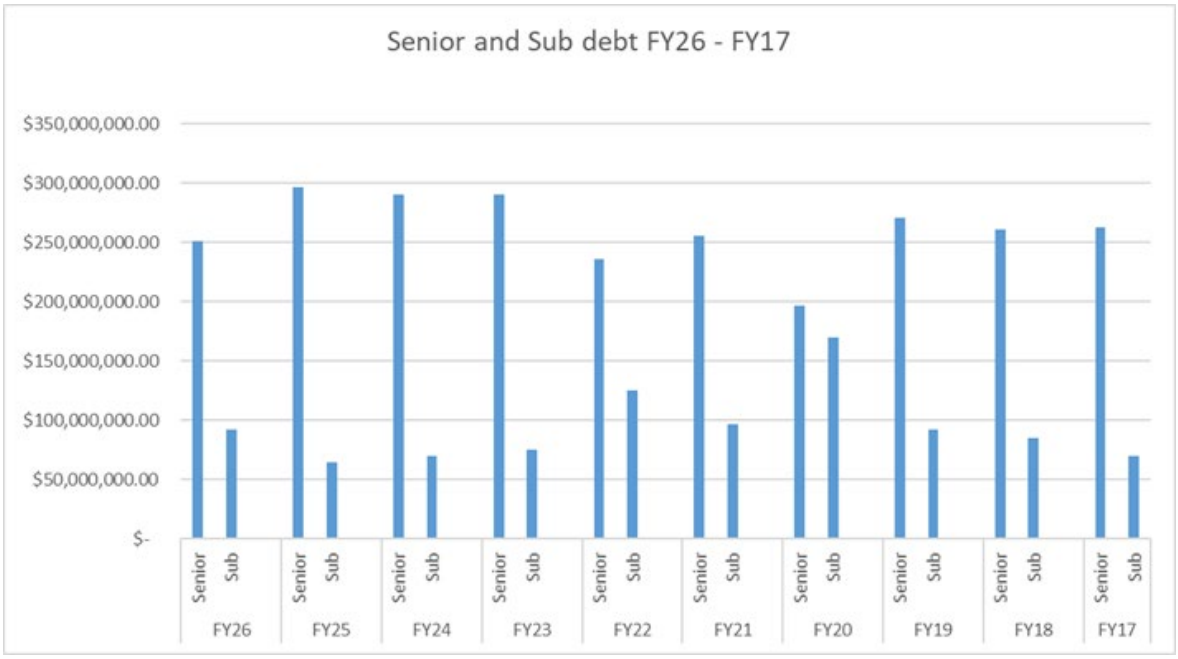
The FY27 budget assumes a 4.0% interest rate for variable rate debt, a decrease from the 4.5% assumption used in FY26. This change reflects current market expectations and contributes to moderating projected debt service costs in the near term.

Variable rate debt costs include several components beyond the base interest rate, including liquidity fees associated with standby bond purchase agreements, letters of credit, and direct purchase agreements, as well as remarketing fees. These elements are incorporated into the overall assumption to provide a more accurate estimate of borrowing costs.

While variable rate debt offers flexibility and can reduce costs when interest rates are stable or declining, it also introduces exposure to market fluctuations. MWRA manages this risk by maintaining a balanced mix of fixed-rate and variable-rate debt and by monitoring market conditions to adjust its financing strategy as needed.

Debt Structure and Issuance Strategy

MWRA continues to manage its capital financing program through a structured mix of senior fixed-rate bonds, subordinate debt, and short-term borrowing. This layered approach allows the Authority to balance cost, risk, and flexibility while smoothing the impact of debt service on ratepayers over time.



In FY27, capital financing costs include **$318.0 million** in principal and interest on senior fixed-rate bonds and **$63.2 million** on subordinate debt. These obligations reflect both prior capital investments and recent borrowings to support the ongoing capital program.

The Authority also utilizes short-term borrowing, primarily through tax-exempt commercial paper, to finance projects during construction. These short-term obligations are later converted to long-term debt through periodic bond issuances. In FY27, approximately **$250 million** in new money bonds are planned to permanently finance outstanding commercial paper balances.

Debt issuance is structured to align with existing obligations, minimizing fluctuations in annual debt service and avoiding significant peaks and valleys in required payments. As new debt is issued to support ongoing capital investment, it is layered onto existing obligations, resulting in a sustained level of debt service even as individual bond issues mature.

State Revolving Fund Loan Program

Borrowing through the State Revolving Fund (SRF) program has historically been a key tool for minimizing MWRA's debt service costs on capital investments. SRF loans provide federally subsidized interest rates that are typically 100 to 300 basis points below prevailing market rates. In Massachusetts, the program also includes the potential for principal forgiveness, resulting in an effective borrowing rate of approximately 2.15%.

In practical terms, each dollar financed through the SRF program replaces higher-cost market borrowing, which is generally assumed at approximately 6.00%, producing meaningful long-term savings.

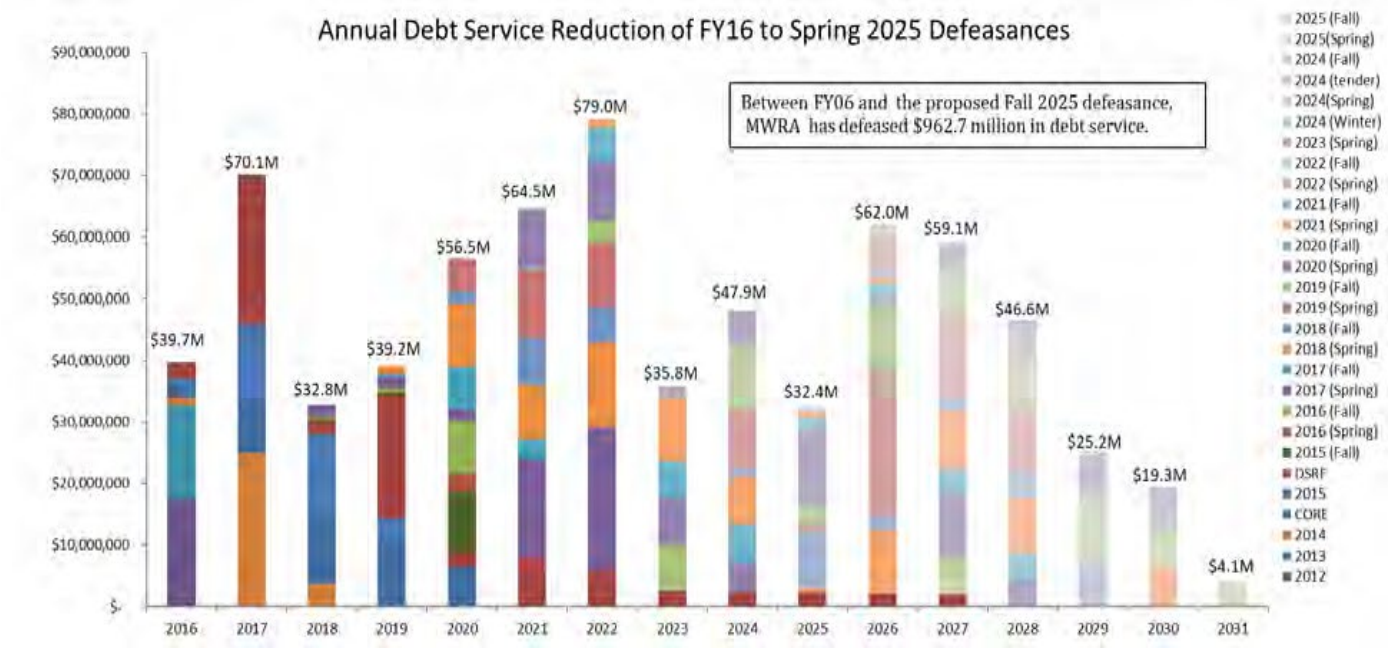
In FY27, **$84.6 million** in debt service is associated with SRF loans, with annual borrowing levels of approximately **$65 million** continuing to support the capital program.

Changes to the Massachusetts SRF program in recent years, including the elimination of multi-year borrowing and a reduction in the annual borrowing cap from **$50 million** to **$15 million**, have limited MWRA's access to subsidized financing. These constraints are expected to place upward pressure on capital financing costs in future years.

Managing Debt Costs Through Defeasance and Refunding

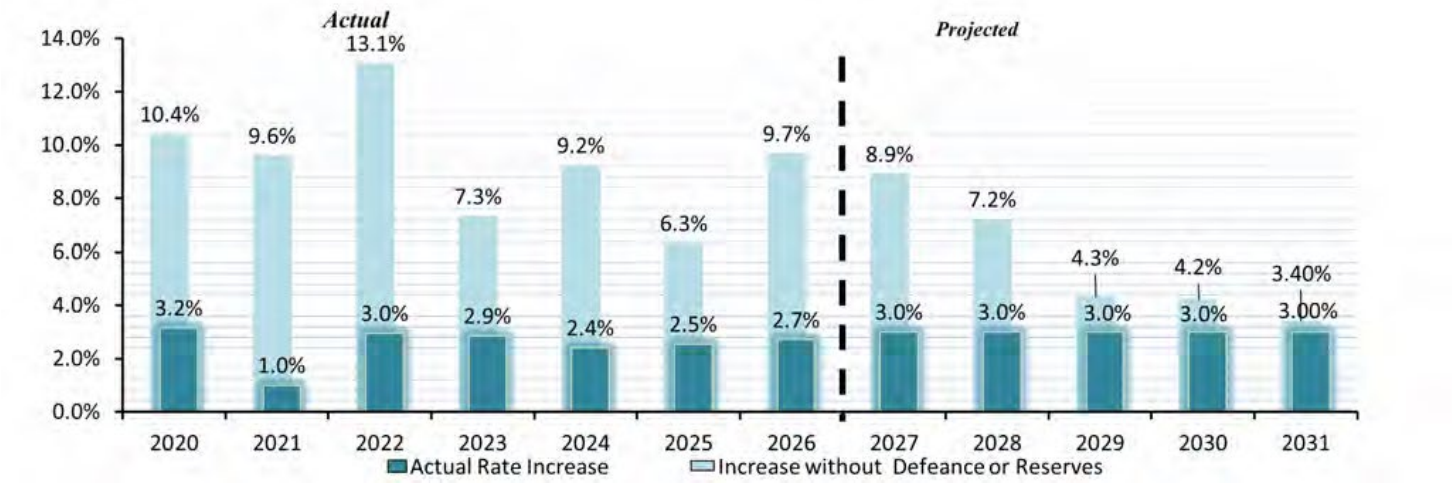
Defeasance remains a key tool for managing MWRA's long-term debt obligations and moderating rate impacts. Over time, the Authority has used favorable budget variances and interest earnings on escrowed funds to prepay future debt service and generate additional interest savings by targeting callable bonds prior to maturity.

The FY27 budget reflects a planned **$20.0 million** defeasance in FY26, which is projected to reduce debt service by approximately **$1.0 million** in FY27. Additional savings are expected in future years, including **$3.7 million** in FY28, **$4.0 million** in FY29, and **$10.6 million** in FY30.



In parallel with defeasance, the Authority continues to actively pursue refunding opportunities to lower borrowing costs. In March 2026, the Board approved the 92nd Supplemental Resolution authorizing up to **$790 million** in bonds, including approximately **$250 million** to permanently finance outstanding commercial paper and **$540 million** in refunding bonds.

The refunding strategy includes both traditional current refunding and a targeted tender process, in which MWRA may repurchase certain outstanding bonds at a discount under current market conditions. Together, these actions are expected to generate approximately **$49 million** in total budgetary savings over time.



These combined strategies allow MWRA to proactively manage its debt portfolio, reduce long-term financing costs, and limit upward pressure on assessments for member communities.

Looking Ahead: Capital Financing Pressures

While MWRA's historical capital program was largely driven by regulatory requirements, future spending will increasingly focus on maintaining and protecting existing assets and improving system reliability.

At the same time, reduced availability of subsidized financing and debt service assistance, combined with continued capital investment needs, will place upward pressure on capital financing costs over the long term. As shown in the long-range projections, capital financing is expected to grow steadily through the planning horizon, reaching over **$725 million** by FY35.

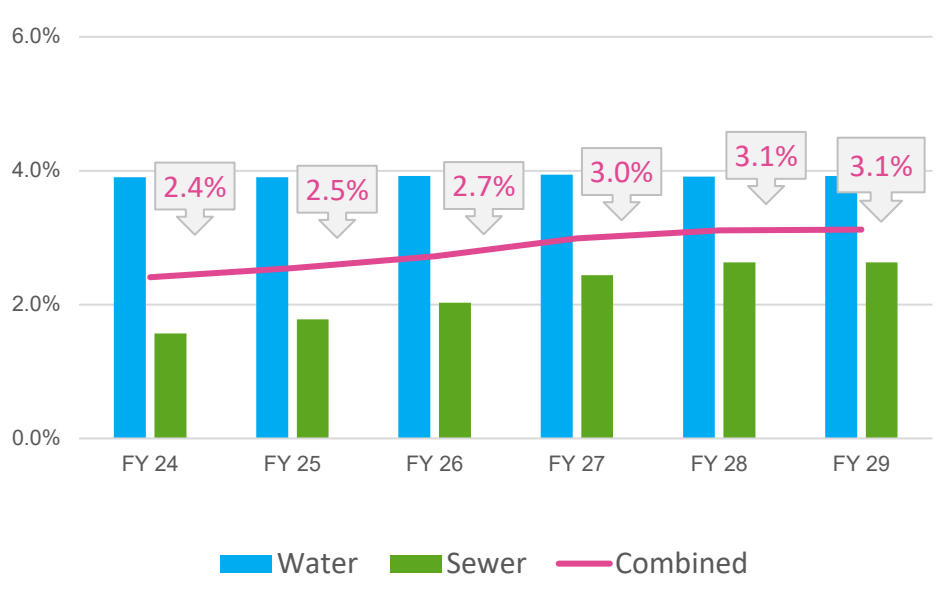
In this context, capital financing is not simply a debt-management exercise; it is one of the primary places where near-term stability and long-term responsibility must be reconciled.

Proposed Fiscal Year 2027 CEB

Authority Level - Revenues

Combined	FY25 ($M)	PFY26 ($M)	PFY27 ($M)	PFY28 ($M)	PFY29 ($M)
TOTAL EXPENSES	900.622	919.709	943.837	975.342	1,006.66
TOTAL OTHER USER CHARGES AND NON-RATE REVENUE	45.134	40.948	38.773	42.138	44.388
Non-Member Revenue	*10.668*	*10.939*	*11.600*	*11.535*	*11.756*
Non-member Revenue-Sewer	0.806	0.763	0.787	0.807	0.829
Non-member Revenue-Water	9.862	10.176	10.813	10.728	10.927
OTHER REVENUE	*6.066*	*6.676*	*6.905*	*7.048*	*7.198*
Other Revenue-Sewer	4.892	5.425	5.478	5.621	5.771
Other Revenue-Water	1.173	1.251	1.427	1.427	1.427
INVESTMENT INCOME	*28.398*	*23.333*	*20.267*	*22.772*	*24.695*
Investment Income-Sewer	16.377	14.131	11.932	12.943	14.010
Investment Income-Water	12.021	9.202	8.335	9.829	10.685
RATE STABILIZATION	-	-	-	*-0.782*	*-0.74*
RATE REVENUE REQUIRED	*855.488*	*878.761*	*905.064*	*933.204*	*962.276*
RATE CHANGE	2.50%	2.72%	2.99%	3.11%	3.12%

PFY27 Proposed Rate Revenue for period FY24 – FY29



FY27 Proposed Revenue Considerations

Rate Revenue	Increased by 3.0%, continuing the steady rate path adopted in FY25. Each 0.10% change equals about $900,000 in rate revenue.
Rate Stabilization	$0 being used in FY27.The reserves remain untapped, as in FY26.
Investment Income	Down $3.1M (–13%) from FY26 due to more conservative interest rate assumption of 2.99%

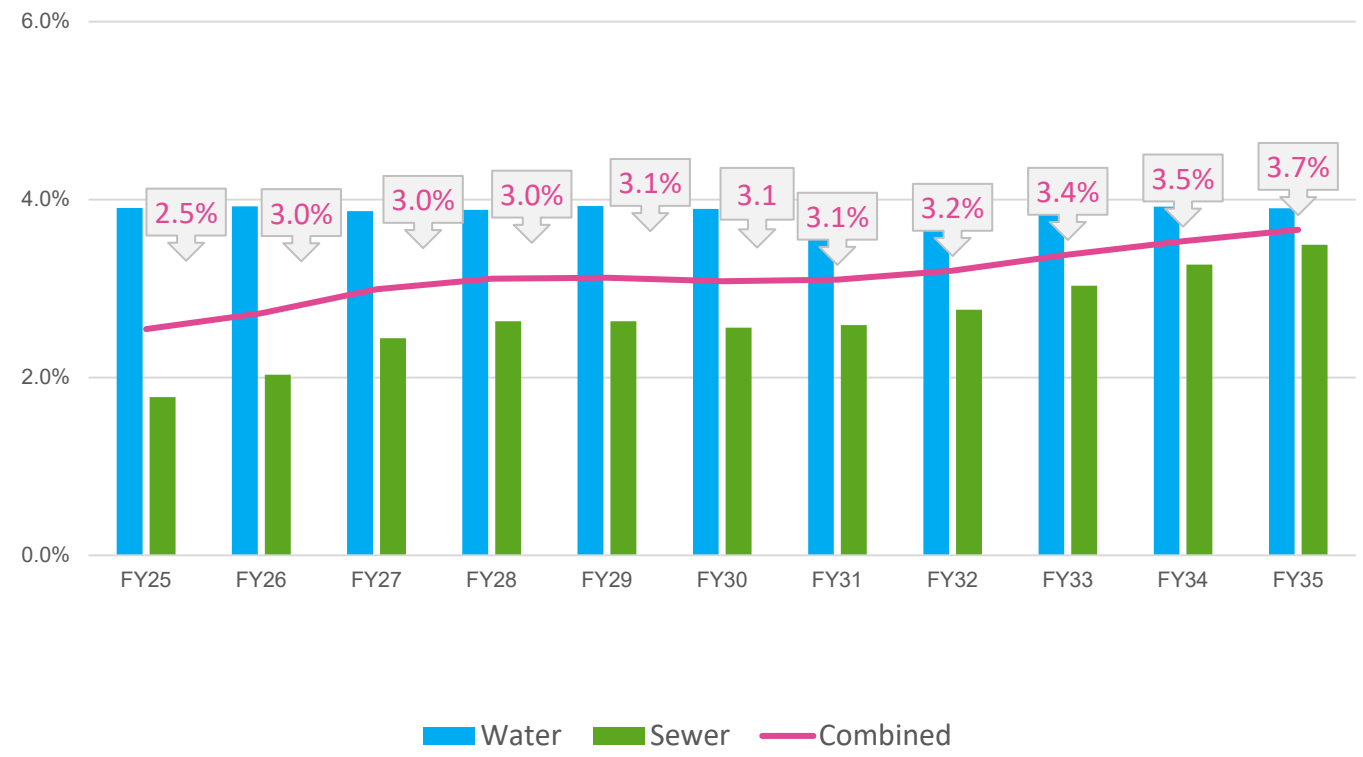
Proposed Fiscal Year 2027 CEB

Authority Level - Revenues

WATER	FY25 ($M)	FY26 ($M)	PFY27 ($M)	PFY28 ($M)	PFY29 ($M)
TOTAL EXPENSES	334.437	344.227	356.914	371.967	386.781
TOTAL OTHER USER CHARGES AND NON-RATE REVENUE	23.057	20.628	20.576	21.984	23.039
Non-Member Revenue	*9.862*	*10.176*	*10.813*	*10.815*	*10.927*
DI Water	2.35	2.357	2.577	2.546	2.646
Water Supplied	0.148	0.158	0.139	0.145	0.150
Clinton WWTP	1.234	1.238	1.259	1.279	1.300
CVA Water System	5.702	5.996	6.412	6.332	6.405
Entrance Fees	0.425	0.426	0.426	0.426	0.426
OTHER REVENUE	*1.173*	*1.250*	*1.427*	*1.427*	*1.427*
Energy	0.565	0.597	0.808	0.808	0.808
Miscellaneous	0.608	0.653	0.620	0.620	0.620
INVESTMENT INCOME	*12.021*	*9.201*	*8.335*	*9.829*	*10.685*
Construction Fund Interest	2.581	1.634	1.389	0.673	0.765
Investment Income	9.44	7.567	6.946	9.156	9.829
RATE STABILIZATION	-	-	-	*-0.482*	*-0.54*
RATE REVENUE REQUIRED	*311.379*	*323.598*	*336.338*	*349.501*	*363.202*
RATE CHANGE	3.90%	3.92%	3.94%	3.91%	3.92%

SEWER	FY25 ($M)	FY26 ($M)	PFY27 ($M)	PFY28 ($M)	PFY29 ($M)
TOTAL EXPENSES	566.184	575.482	586.923	603.375	619.883
TOTAL OTHER USER CHARGES AND NON-RATE REVENUE	22.076	20.319	18.197	19.375	20.609
Non-Member Revenue	*0.806*	*0.763*	*0.787*	*0.807*	*0.829*
Sewer Retail	0.082	0.073	0.081	0.083	0.085
Water Treatment Residuals	0.723	0.689	0.706	0.725	0.744
OTHER REVENUE	*4.892*	*5.425*	*5.478*	*5.621*	*5.771*
Permit Fees (TRAC)	1.339	1.379	1.421	1.484	1.551
Monitoring Fees (TRAC)	1.655	1.704	1.756	1.835	1.917
Penalties (TRAC)	0.051	0.050	0.050	0.050	0.050
Energy	0.94	1.433	1.532	1.532	1.532
Miscellaneous	0.907	0.857	0.720	0.720	0.720
INVESTMENT INCOME	*16.377*	*14.130*	*11.932*	*12.430*	*14.010*
Construction Fund Interest	1.394	2.429	1.842	1.768	1.645
Investment Income	14.982	11.701	10.090	11.175	12.365
RATE STABILIZATION	-	-	-	*-0.3*	*-0.2*
RATE REVENUE REQUIRED	544.108	555.163	568.726	583.703	599.073
RATE CHANGE	1.80%	2.03%	2.44%	2.63%	2.63%

PFY27 Proposed Rate Revenue for CAP period FY25 – FY35



Revenue

Combined Revenue Summary

Total MWRA expenses are projected to increase from $900.6 million in FY25 to $1.006 billion in FY29, reflecting steady growth in capital financing and operating costs. To support these expenses, the combined rate revenue requirement will rise from $855.5 million in FY25 to $962.2 million in FY29. The combined annual rate will increase to approximately 3.0% in FY27, followed by 3.1% in FY28 & FY29. These increases represent the MWRA's strategy to provide a stable and predictable funding path for member communities.

Non-rate revenues, including Other User Charges, Other Revenue, and Investment Income, are projected to total $38.7 million in FY27, and gradually increase to $44.3 million by FY29. While modest in size, these sources help reduce the burden on ratepayers and improve financial resilience.

Water Operations

Total water utility expenses are projected to grow from $356.9 million in FY27 to $386.8 million in FY29. Non-rate revenues, including CVA system charges, Deer Island water sales, miscellaneous revenue, and investment income, are expected to contribute to $20.5 million in FY27, reducing the amount required from rate revenue to $336.3 million.

The water rate revenue increase for FY27 is 3.9%, consistent with the near-4% water rate path in FY25. Annual increases are projected to continue at 3.9%, with water rate revenue reaching $377.4 million in FY30. These increases reflect the growing share of water-related capital financing expenses and aging debt service obligations.

Sewer Operation

Sewer utility expenses are projected to increase from $586.9 million in FY27 to $619.3 million in FY29. After accounting for $18.1 million in non-rate revenue in FY27 – including permit fees, monitoring charges, and investment income, the remaining rate revenue requirement is $568.7 million, representing a 2.4% increase from FY26.

The sewer assessments currently benefit from the multi-year smoothing mechanism and practice of targeted debt defeasance. Sewer rate increases are forecasted to grow gradually over the next several years from 2.44% in FY27 to 2.6% in FY29 and FY30. The more moderate pace of sewer rate increases reflects a slower capital financing trajectory relative to the water utility. No cost estimates associated with an updated CSO Long-term Control Plan are included in the current rate model.

Rate Stabilization Funds

The PFY27 budget proposes no use of Rate Stabilization funds, consistent with FY25 & FY26. However, small draws are scheduled to resume in FY28–29, totaling just under $1.5 million over that span. While earlier planning models had envisioned stabilization fund use beginning in FY25, the MWRA has instead chosen to hold these reserves in place as a buffer against future rate shocks.

Long-Term Rates Management Committee

As the MWRA enters a period marked by significant, overlapping large capital projects and layered on top ofDeer Island's repair and replacement phase; the potential for a 'perfect storm' of pressure on rates can be seen on the horizon. The Advisory Board intends to convene a Long-Term Rates Management Working Group in FY27 to provide a structured forum for evaluating the financial outlook and potential rate impacts across the short-, mid-, and long-term planning horizons.

Short-term: Staffing, supply and price shocks and limited number of construction firms capable of bidding on large and complex construction projects or meeting engineering estimates.

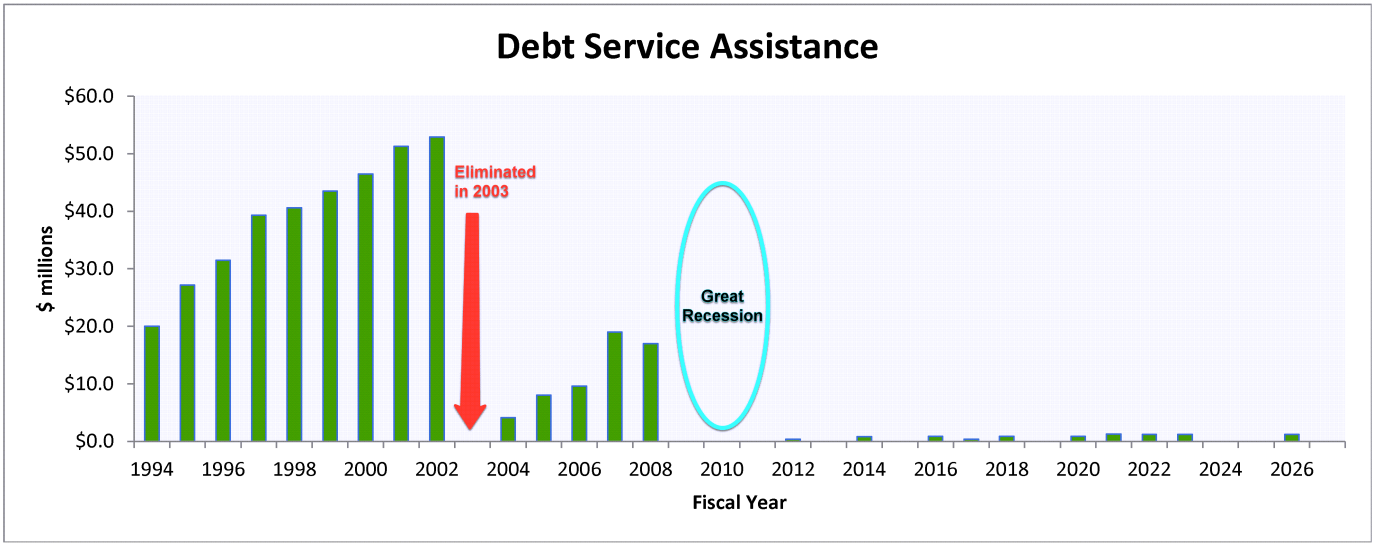
Mid-term: shifts in policy at the state and federal level (e.g. PFAS and beneficial use of biosolid pellets) and whether the life-cycle maintenance costs for maintaining DITP are being fully reflected in capital planning.

Long-term: new mandates that fix high levels of debt into the rate structure for 30-50 years, risk of crowding out or delaying asset protection project; turning maintenance in from a must have into a wish-list item.

Debt Service Assistance

Whereas the accumulation of debt that MWRA took on with the Boston Harbor Project could be likened to a tsunami: a sharp, visible wave that crested high and broke over relatively short period. This next phase of construction could be likened to a series of three big rollers; repair and replacement of systems and components of the 30+ year old Deer Island Treatment Plant, building the Metropolitan Tunnel Redundancy project and a possible multi-billion CSO initiative.

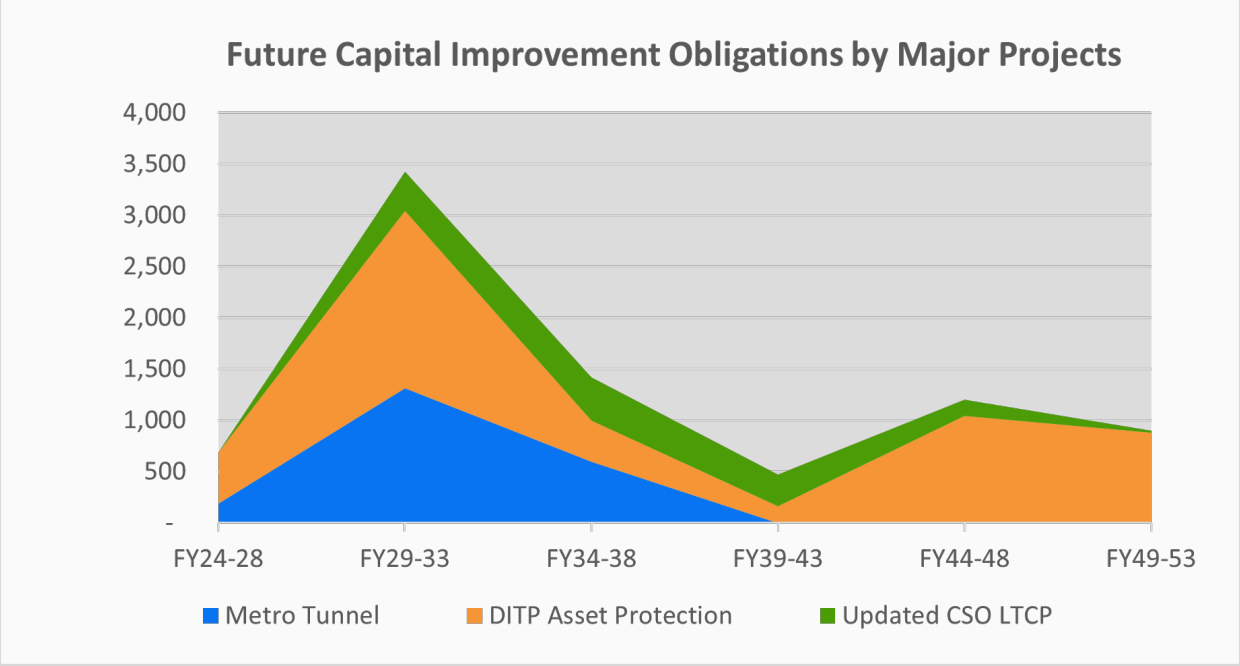
Preliminary forecasts for new capital spending and debt service in the next decade predict a period compression that will necessitate levying additional assessment from ratepayers to cover these obligations. Suggestions that the State of Massachusetts could provide some debt relief during this period ignore the history and vagaries of the legislature's debt service assistance to MWRA.



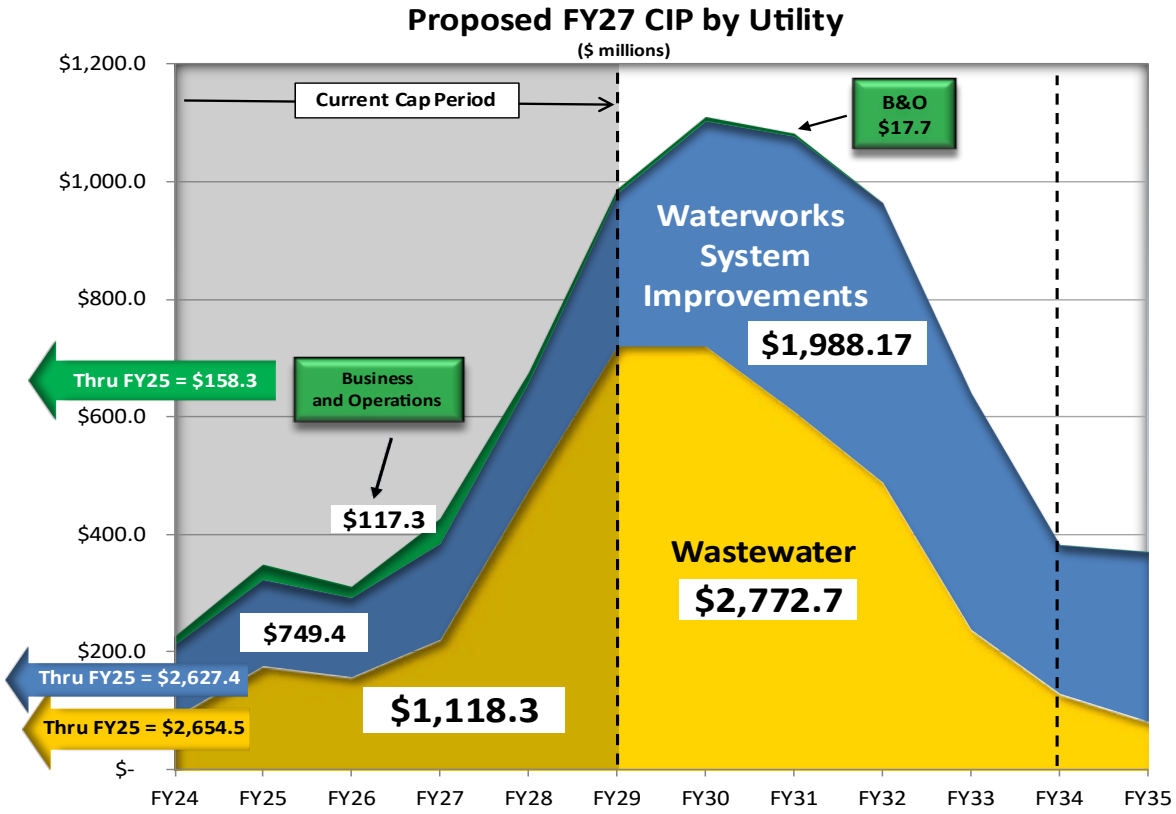
The Commonwealth began providing debt service assistance to MWRA in the early 1990s to offset the extraordinary borrowing and resulting rate spikes associated with the Boston Harbor project. Annual Debt Service Assistance increased with the Authority's accumulating debt service obligations, peaking at $52.9 million in 2002. Then the assistance abruptly stopped in 2003. Assistance returned in 2004 and continued for a few more years - at a much lower level, stopping again with the Great Recession of 2009-2012. Since the Great Recession, debt assistance has ranged between $0.4 and $1.2 million – when it has occurred.

MWRA's first was dramatic, with the building of the nation's 2nd largest wastewater treatment facility on Deer Island. The associated steep increase in rates stimulated ratepayer revolts that were only subdued by welcomed legislative relief.

Upward pressure on rates in the next decade will lack the visible drama of the Boston Harbor project but will be similarly profound as the need to repair and replace now 30-year old assets at Deer Island is stacked upon the Metropolitan Water Tunnel Redundancy project and an updated CSO long-term control plan.



Recommendation: That MWRA conduct a thorough assessment of Deer Island Asset Protection needs within the FY29-33 and FY34-38 capital spending cap periods in order to model the anticipated debt service impacts of Deer Island Asset Protection, the Metropolitan Tunnel Redundancy project, and CSO LTCP projects, in coordination with the work of the Long-Term Rates Management Working Group.



Note: This figure illustrates gross projected capital program spending by utility category over the full FY24–35 planning horizon, including community assistance programs and long-range capital investments. Totals presented in the CIP Overview and Figures 1–2 reflect FY24–28 capital spending cap calculations, including programmatic offsets, contingency, inflation adjustments, and spend-rate adjustments, and therefore may not directly reconcile to this figure.

CIP Overview

Figures 1 and 2 below summarize the relationship between the Authority's previously approved FY24–28 capital spending baseline and the updated spending projections incorporated into the Proposed FY27 Capital Improvement Program (CIP).

The Proposed FY27 CIP projects total annual spending of **$427.3 million**, including **$378.8 million** for non-tunnel projects and **$48.5 million** associated with the Metropolitan Water Tunnel Program.

As shown in Figure 2, gross projected expenditures over the FY24–28 capital spending cap period total approximately **$1.828 billion** prior to programmatic offsets and other adjustments. After accounting for offsets associated with the I/I Program and Water Loan Program, contingency, inflation on unawarded construction, and Chicopee Valley Aqueduct projects, projected spending before spend-rate adjustment totals approximately **$1.616 billion**.

Applying the Authority's standard **25% Spend Rate Adjustment** of **$319.1 million** results in projected net FY24–28 spending of approximately **$1.296 billion**, remaining below the approved FY24–28 baseline cap of **$1.364 billion** shown in Figure 1.

Currently, a significant portion of FY27 CIP spending continues to be directed toward treatment facilities, particularly at Deer Island. The ongoing Clarifier Rehabilitation Phase 2 project remains the largest and most complex component of the CIP, and similar major rehabilitation needs are likely to return to the program budget by 2050.

The PFY27 CIP establishes a strategic roadmap for the Authority's essential infrastructure investments. It includes seven new projects in this fiscal year cycle, collectively representing **$162.2 million** in new contract commitments. While these projects establish an important technical and financial baseline for long-term asset protection, the Authority has continued to employ a disciplined, back-loaded spending strategy intended to maintain borrowing

stability and moderate long-term rate impacts. Of the total new commitments, only approximately **$15 million** is projected within the FY24–28 cap period, with the remainder phased beyond FY28.

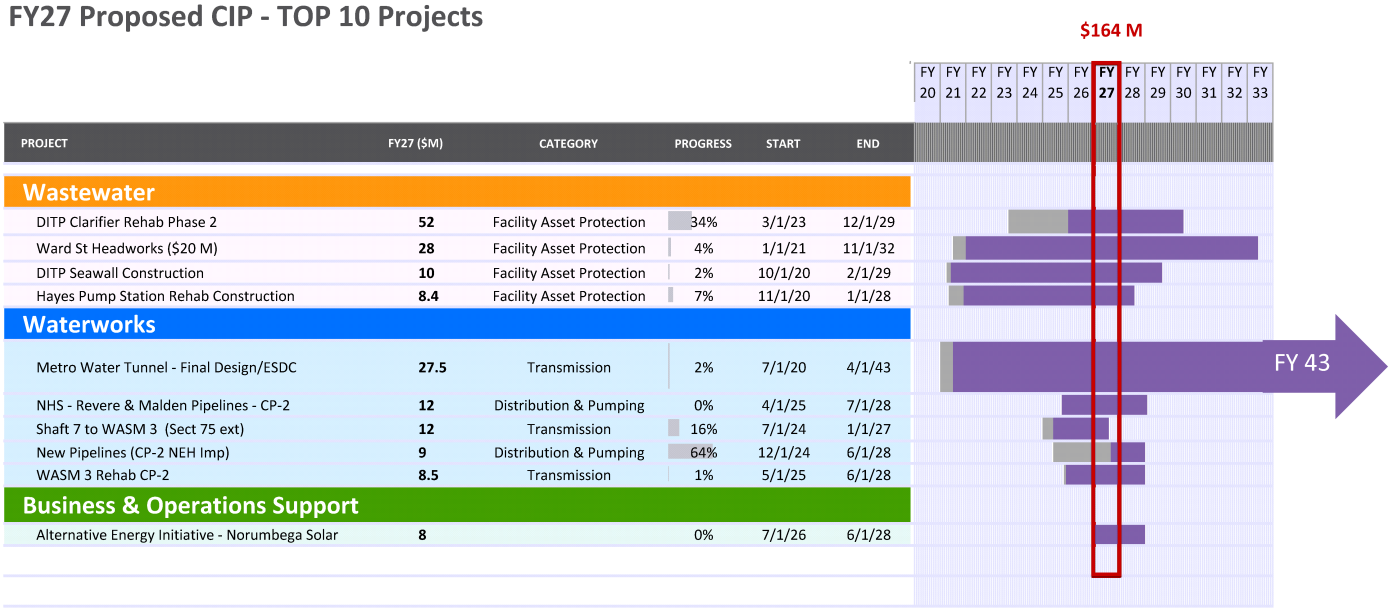
		FY24	FY25	FY26	FY27	FY28	FY24-28
FY24-28 Baseline CAP	Projected Expenditures excl. Metro Tunne	$288.2	$357.9	$313.5	$349.8	$349.1	$1,658.5
	Metropolitan Tunnel	$14.4	$25.2	$23.9	$23.9	$78.6	$166.2
	I/I Program	(42.9)	(41.5)	(27.5)	(28.4)	(34.2)	(174.5)
	Water Loan Program	(14.1)	(10.9)	(5.0)	(2.6)	8.6	(24.0)
	MWRA Spending	**$245.6**	**$330.8**	**$304.9**	**$342.8**	**$402.2**	**$1,626.3**
	Contingency	15.2	21.8	20.7	23.6	31.7	113.0
	Inflation on Unawarded Construction	1.9	8.1	12.2	22.1	36.1	80.4
	Chicopee Valley Aqueduct Projects	(0.3)	(0.5)	0.0	-	-	(0.8)
	Projected Spending before Adjustment	**$262.4**	**$360.2**	**$337.8**	**$388.5**	**$469.9**	**$1,818.9**
	Spend Rate Adjustment (25%)	(65.6)	(90.1)	(84.5)	(97.1)	(117.5)	(454.7)
	FY24 Final FY24-28 Spending	**$196.8**	**$270.2**	**$253.4**	**$291.4**	**$352.5**	**$1,364.2**

Figure 1: Previously Approved FY24-28 Capital Spending Baseline Cap

		FY24	FY25	FY26	FY27	FY28	FY24-28
FY27 Proposed CAP	Projected Expenditures excl. Metro Tunne	$199.2	$185.7	$262.5	$378.8	$593.0	$1,619.2
	Metropolitan Tunnel	$9.0	$21.5	$48.5	$48.5	$81.3	$208.8
	I/I Program	(22.0)	(17.2)	(62.5)	(50.3)	(63.1)	(215.1)
	Water Loan Program	(26.2)	(10.7)	(27.1)	(20.1)	(17.3)	(101.4)
	MWRA Spending	**$160.1**	**$179.2**	**$221.4**	**$356.9**	**$593.9**	**$1,511.5**
	Contingency	0.0	0.0	14.4	23.8	43.8	82.0
	Inflation on Unawarded Construction	0.0	0.0	0.0	9.8	23.3	33.3
	Chicopee Valley Aqueduct Projects	-	-	0.0	-0.2	-0.9	(1.1)
	Projected Spending before Adjustment	**$160.1**	**$179.2**	**$235.8**	**$384.0**	**$656.6**	**$1,615.7**
	Spend Rate Adjustment (25%)	-	-	(59.0)	(96.0)	(164.2)	(319.1)
	FY27 Proposed FY24-28 Spending	**$160.1**	**$179.2**	**$176.9**	**$288.0**	**$492.5**	**$1,296.6**

Figure 2: Proposed FY27 Baseline Capital Spending Plan

FY27 Proposed CIP - TOP 10 Projects



Asset Protection is a critical component of MWRA long-term planning, continued regulatory compliance and operations optimization. It currently accounts for the largest share of capital expenditures. Over **$3.8 billion** in future spending is identified in the CIP for asset protection initiatives. As the **$2.189 billion** Metropolitan Water Tunnel

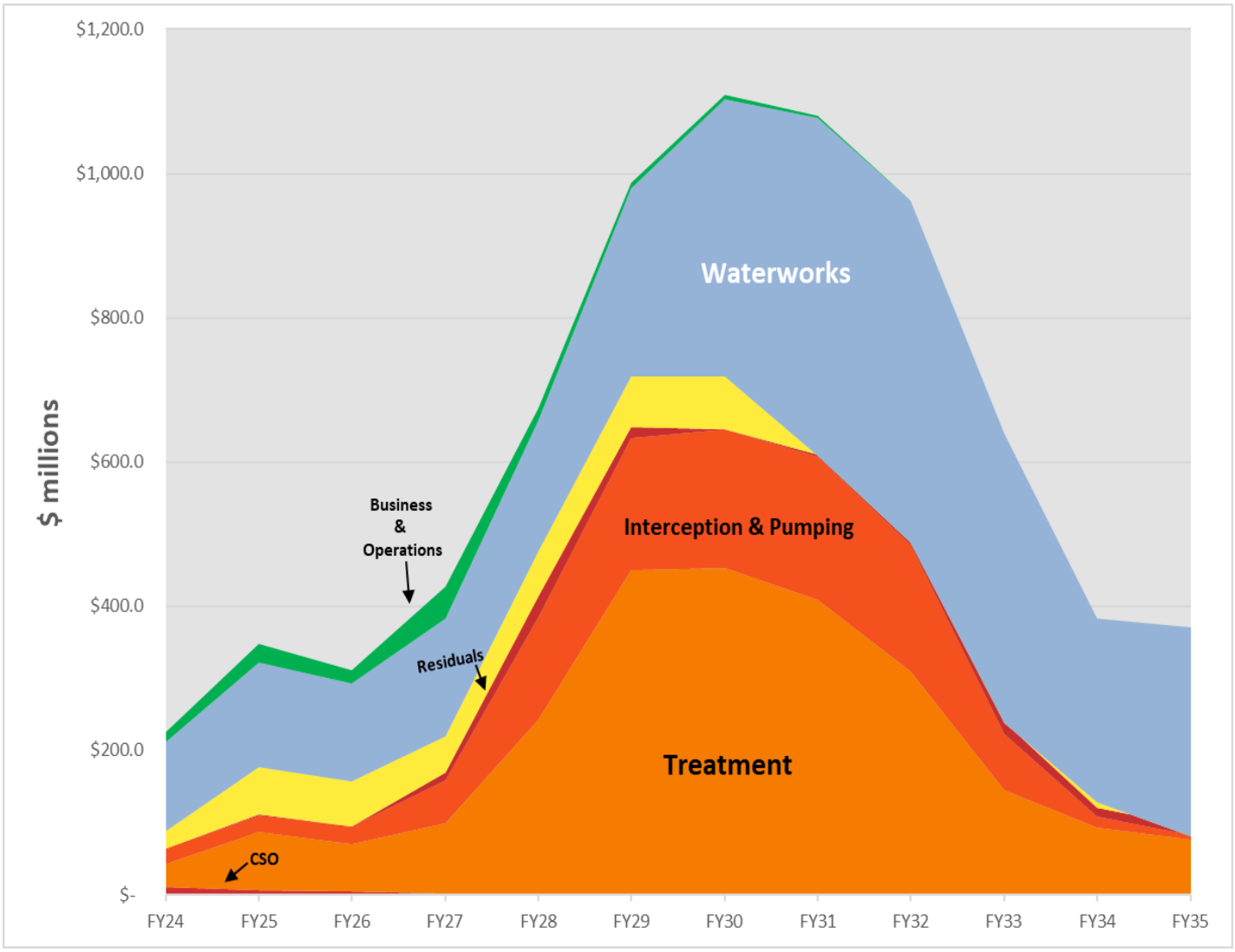
Program enters its construction phase (FY28 – FY40) it will overlap with a second more complicated and expensive investment in Combined Sewer Overflow control. As these major programs advance, Asset Protection's dominance in the Capital Improvement Program may become diluted, even as the underlying need for reinvestment in aging systems and equipment continues to rise.

	FY24-FY28 ($ M)	**FY29-FY33** ($ M)	**FY34-FY38** ($ M)	**FY39-FY43** ($ M)	**FY44-FY48** ($ M)	**FY49-FY53** ($ M)
Metropolitan Water Tunnel Redundancy	190	1,313	596			
DITP Asset Protection	499	1,729	402[a]	163[a]	1046[a]	878[a]
Updated CSO LTCP[b]		382[b]	421[b]	311[b]	155[b]	20[b]
Total	**690**	**3,425**	**1,419**	**474**	**1,201**	**898**

(a) estimated utilizing past CIP project data and MWRA's Appendix 8 - Expected Useful Life of Capital Projects

(b) estimated utilizing project cost and time estimates from the 2-25-2026 MWRA Board of Directors presentation

Wastewater Capital Spending by Program



Wastewater

Wastewater Capital Spending

The FY27 Capital Improvement Program (CIP) budget continues significant investment in wastewater infrastructure, (51.4% of FY27 total CIP budget) with spending driven largely by on-going multi-year asset protection projects addressing the aging equipment put into service during the Boston Harbor project. Approximately **$164 million** in capital spending is reflected within the Top 10 projects tracked for FY27, with wastewater projects representing 87% of that Top Ten total.

The FY27 CIP wastewater program budget includes **$219.6 million dollars** of proposed investments, a 40% increase from FY26. This figure includes **$50.3 million** of net expenditures on the Local Inflow & Infiltration (I/I) Financial Assistance Program. A slightly lower amount from FY26.

Total projected wastewater spending from FY24 through FY28 is **$1.05 billion**, with an additional **$2.77 billion** planned beyond FY28. This reflects MWRA's commitment to system reliability, regulatory compliance and lifecycle asset management.

Asset Protection

Asset protection is a critical component of MWRA operations and long-term planning and consistently accounts for

the largest share of capital expenditures. These projects focus on maintaining and enhancing system assets over the long-term at the lowest possible lifecycle cost and acceptable risk.

The majority of the spending is concentrated in several large, on-going projects with significant spending in the FY24-28 period. The largest wastewater projects (inclusive of design, construction and resident engineering inspection) in the current CIP cycle include:

- **DITP Clarifier Rehabilitation Phase 2** - **$52.2 M** budgeted in FY27 (Total Project budget = **$311M**)
- **Ward Street Headworks** - **$28 M** budgeted in FY27 (Total Project budget = **$298 M**)
- **Deer Island Seawall Construction** - **$10.5 M** budgeted in FY27 (Total Project budget = **$48 M**)
- **Hayes Pump Station Rehabilitation** - **$8.4 M** budgeted in FY27 (Total Project budget = **$30** M)

These projects span multiple fiscal years and represent significant investments in maintaining core system functionality. By ensuring timely replacement of equipment and systems, while seeking ways to optimize operations and pre-emptively address critical facility and equipment issues, MWRA is protecting ratepayer investments.

CSO Updated LTCP

On April 30, 2026 the MWRA transmitted a Draft Update CSO Control Plan to the Massachusetts Department of Environmental Protection and the U.S. EPA on behalf of itself and its CSO community partners of Cambridge and Somerville.

This begins the five month public comment period. A public meeting on the draft recommendation has been scheduled for June 2, 2026. Public hearings will be held in September of 2026. Comments and direction from EPA and DEP are anticipated in late October of 2026. MWRA and the partner CSO-communities have a deadline to submit the Final updated CSO Long-term Control Plan by the end of May 2027.

The roughly estimated cost to construct the proposed plan is **$1.29 billion**, of which the partner CSO communities have agreed to share 25%.

The submitted proposal employs a variety of high-impact tools and strategic approaches designed to achieve zero CSO activations in a 2050 Typical Year. This hybrid approach for each basin arose after evaluating and scoring 40 different alternatives based on water quality, cost-effectiveness, neighborhood disruption, and ability to avoid generational loss of recreational spaces like parks and ball fields.

The Charles River project is the most complicated, expensive and impactful within the proposal. MWRA and its partner CSO-communities originally proposed a mix of approaches that would achieve limited CSOs in a 2050 Typical Year to avoid or minimize loss of recreational space at Magazine Beach and multi-year impacts to the Esplanade. Community voices pressed for more intensive measures and the proposal was adjusted.

Cost and time estimates are rough and preliminary at this time. We can expect that projects within the final adopted plan will be staggered and not all commence in 2029. The Gannt chart below is included to provide a visual indication of duration of components within the proposed hybrid solution for each basin.

Draft CSO Control Plan Component Durations by Basin

Alewife Brook (3.AB)

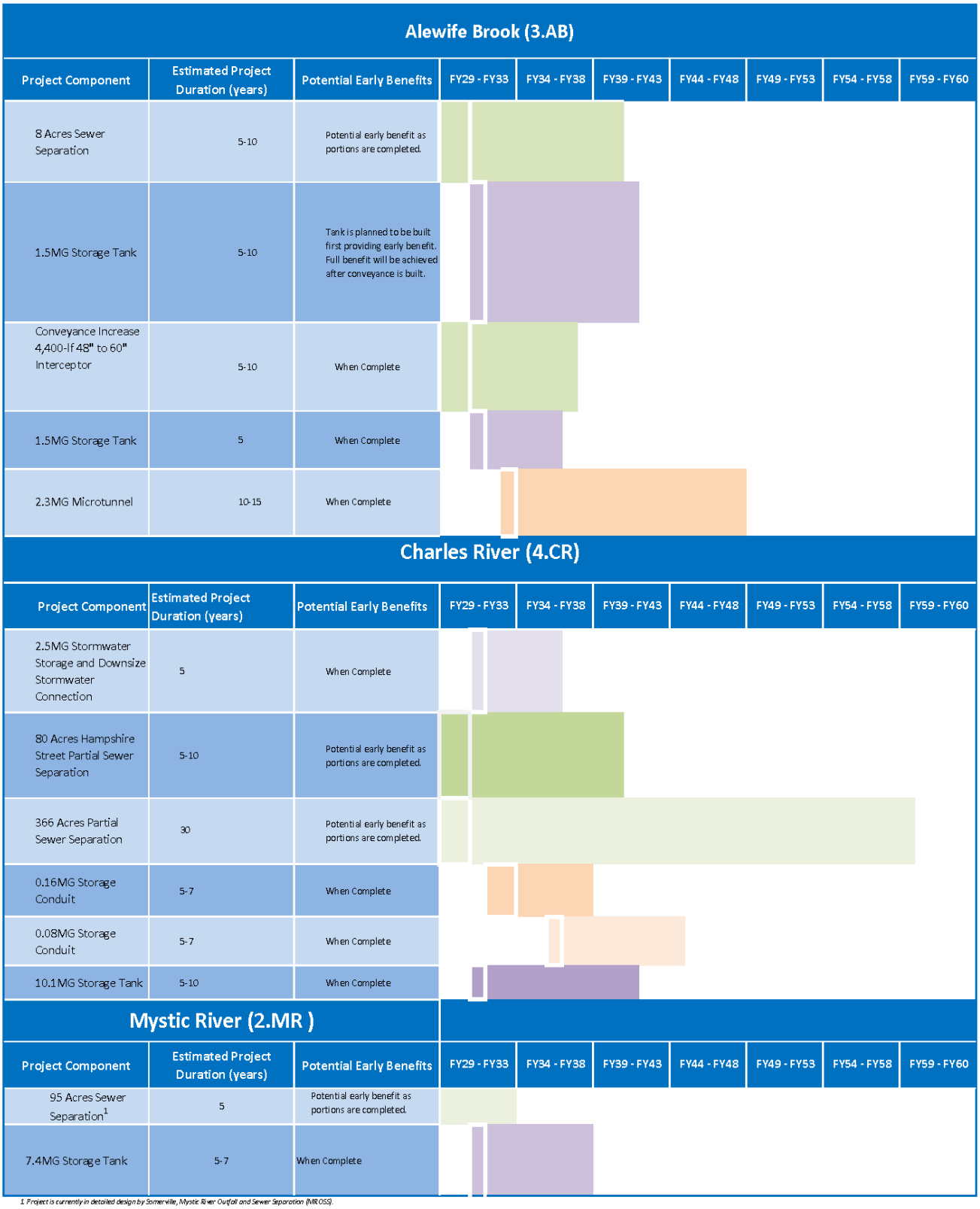
Project Component	Estimated Project Duration (years)	Potential Early Benefits
8 Acres Sewer Separation	5-10	Potential early benefit as portions are completed.
1.5MG Storage Tank	5-10	Tank is planned to be built first providing early benefit. Full benefit will be achieved after conveyance is built.
Conveyance Increase 4,400-lf 48" to 60" Interceptor	5-10	When Complete
1.5MG Storage Tank	5	When Complete
2.3MG Microtunnel	10-15	When Complete

Charles River (4.CR)

Project Component	Estimated Project Duration (years)	Potential Early Benefits
2.5MG Stormwater Storage and Downsize Stormwater Connection	5	When Complete
80 Acres Hampshire Street Partial Sewer Separation	5-10	Potential early benefit as portions are completed.
366 Acres Partial Sewer Separation	30	Potential early benefit as portions are completed.
0.16MG Storage Conduit	5-7	When Complete
0.08MG Storage Conduit	5-7	When Complete
10.1MG Storage Tank	5-10	When Complete

Mystic River (2.MR)

Project Component	Estimated Project Duration (years)	Potential Early Benefits
95 Acres Sewer Separation[1]	5	Potential early benefit as portions are completed.
7.4MG Storage Tank	5-7	When Complete



1. Project is currently in detailed design by Somerville, Mystic River Outfall and Sewer Separation (MROSS).

Interception and Pumping

Budgeted capital spending for interception and pumping in FY27 continues to focus on Facility Asset Protection to

ensure ongoing service and optimize operations. Major drivers for FY27 include Ward Street Headworks construction ($20 million), rehabilitation of the Hayes Pump Station ($7.4 million) and ongoing efforts to improve access and facilitate maintenance of siphon structures ($4.7 million).

Notable new FY27 projects in this category are the repair of the seawall protecting the Alford Street pump station (**$1.0 million**) and modification of the weir wall of Regulator RE-051 (**$0.375 million**).

Ward Street Headworks

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 298 M	2021 - 2032	$ 90.7 M	$ 27.7 M	3.0%

Ward Street is one of the four remote headworks that screen sewage before discharging into vertical shafts connected to the tunnel to Deer Island. Upgrades include replacement of the screens, grit and screenings collection and conveyance systems, odor control, HVAC, mechanical, plumbing, instrumentation, and electrical systems. Work at Ward St also includes construction of new replacement superstructure. The current rehabilitation of this facility began in 2021 and is projected to be completed by 2032. A make-up Air Handling Replacement project for the facility was added to the FY26 CIP (**$3M**) with two-thirds of the expenditures budgeted in FY27.

Hayes Pump Station

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 30.3 M	2020 - 2028	$ 28.7 M	$ 8.4 M	12%

The Hayes Pump Station was built in 1987 to replace the old Reading Pump Station. The station pumps flows of approximately 3 mgd on a typical day and ***can*** pump peak flows of approximately 9.4 mgd. ***Most of*** the equipment and facility components are over 30 years old and at the end of their service life.

Treatment

Capital investments in wastewater treatment continues to represent a significant component of CIP spending. Due to the complexity of the treatment processes, and continuous exposure to marine environment stressors, DITP remains the Authority's most capital-intensive asset. Clinton Wastewater Treatment, though significantly smaller and not subjected to the harsh marine environment of Deer Island, is an older facility also in need for repair and rehabilitation.

Clarifier Rehab 2

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 310.7 M	2023 - 2029	$ 246.7 M	$ 52.2 M	34%

The Clarifier Rehabilitation Phase II project is a mission-critical asset protection initiative at the Deer Island Treatment Plant (DITP) to ensure continued compliance with its EPA issued NPDES permit. The project focuses on the comprehensive rehabilitation of the primary and secondary clarifiers, which have been in operation for approximately 28 years and are suffering from severe corrosion due to hydrogen sulfide exposure.

This project is the single largest driver of capital spending in the current FY24-28 cap period with projected expenditures of **$247 million** during this period, representing 13% of all projected capital expenditures during this timeframe.

DITP Eastern Seawall Rehabilitation

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 48.2 M	2020 -2029	$ 36.6 M	$ 10.5 M	2%

The Eastern Seawall Project is a critical asset protection initiative designed to rehabilitate approximately 4,300 linear feet of seawall on the eastern shoreline of Deer Island. The DITP is protected from 2.5 feet of sea-level rise and the force of a category 3 (100-year storm) by a combination of curved seawalls and stone revetment which were constructed under the Boston Harbor Project from 1996-2000. Routine inspections identified deterioration of the seawall's concrete and reinforcing steel, erosion of vegetated slopes and clogged weepholes which compromise the structural stability of the wall. The project involved structural repairs to the concrete wall and reinforcing steel along with the installation of an extensive behind-wall sub-terrain drainage system.

Concrete structures such as this typically have a 40-year useful lifespan but due to the harsh marine conditions at Deer Island, this asset should be treated like a mechanical system, with a 20-year useful life. Phase 2 (in water construction) has been integrated with a future Barge Berth Facility Rehabilitation project to combine permitting efforts.

This project is one of the Authority's top CIP spenders for both FY27 and the FY24-28 CAP period.

Future Deer Island Asset Protection projects on the horizon:

The success of cleaning up Boston Harbor began with the building of Deer Island Treatment plant and is sustained only by MWRA's continuous oversight and stewardship of its structures, equipment and processes. In its forty years, MWRA has a well-deserved reputation of being the steward of one of the nation's greatest environmental success stories by focusing on the health of the unseen infrastructure that supports the work.

The Clarifier Rehab phase 2 project ushers in a period of rehabilitation and replacement of major systems and equipment at Deer Island. The MWRA Capital Improvement Program (CIP) contains a 10-15 year forward looking horizon for identified capital investment projects. There are 3 other major Deer Island projects within sight.

Digester/Storage Tank Rehabilitation

The iconic egg-shaped digesters of Deer Island are due for rehabilitation. The construction contract for this project is the largest planned award in FY27 at $427 million. The scope pf work includes addressing plugged recirculation pipes, mixer failures and overflow box deterioration. A notice to proceed is anticipated in January 2027, which substantial completion expected in 2031.

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 443 M	2023 - 2031	$ 36.1 M	$ 3.5 M	1%

Cryogenics Plant Equipment Replacement

Components of the Cryogenics plant such as compressors, cold boxes and appurtenances require replacement due to obsolescence and end of useful life. The scope of this project has been expanded to include a valve replacement and the timing pushed back the next cap period (FY29-33). This project is expected to positively impact the CEB by reducing maintenance time and materials.

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 95.9 M	2029 - 2034	$ 7.5 M	$ 2.5 M	0%

Combined Heat Power (CHP) Replacement

The CHP Replacement project involves replacement of the aging 30-year-old steam-based power plant with a modern system utilizing reciprocating engines and advanced thermal distribution. This project is engineered to significantly maximize the energy recovered from the wastewater treatment process and positively impact both the CEB and emissions reduction goals. It will increase the plant's energy self-sufficiency from 57% to roughly 75%.

Total Project Cost	Timespan	FY24-28 CAP period Spending	PFY27 CIP Spending	Progress
$ 228.4 M	2024 - 2033	$ 29.2 M	$ 2.7 M	0.75%

Future Deer Island Asset Protection – Advisory Board Estimate

The current Capital Improvement Program budget contains engineering estimates for the Authority's needs for new or rehabilitated facilities and equipment in the near term. It also contains the time, cost and date of completion for all prior investments.

As the Authority and the Advisory Board consider necessary new large-scale capital investments like the Metropolitan Tunnel Redundancy project (2020-2043) and new mandates such as the updated Long-term Control Plan (2029-2050), it is critical to incorporate the ongoing capital needs of Deer Island Treatment Plant.

The systems, equipment and structures of the plant will age and need replacement at different rates, so projects, big and small, will emerge one-by-one within future CIP budgets. Utilizing information and timing from prior DITP asset protection projects, along with the Authority's standard project cost inflation rate of 2.5%, and Appendix 8 - Table of Expected Useful Life of Capital Projects, the Advisory Board has constructed a rough estimate of future Deer Island asset protection spending beyond the current CIP budgeting time horizon.

The table below is intended as an order-of-magnitude planning tool, showing how replacement cycles at Deer Island may create additional asset protection pressure beyond the current CIP horizon.

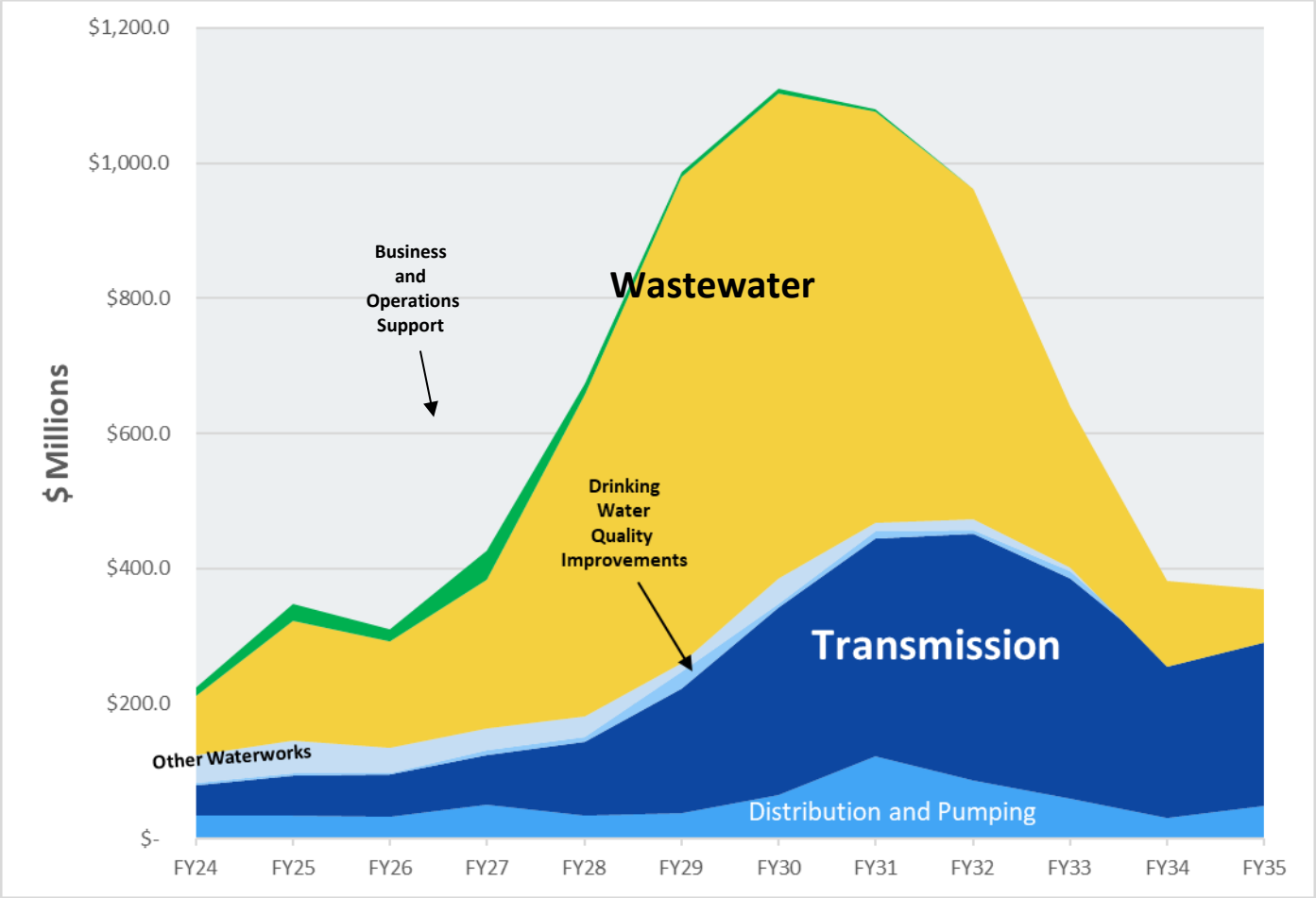
This is particularly germane as the Authority enters a period of significant capital spending for the Metropolitan Tunnel Redundancy project (FY28 – FY43) and the updated CSO Long-term Control plan (FY29 – FY55). Major systems and equipment at Deer Island Treatment Plant will begin to reach the end of their useful life again in the FY44 – FY53 period necessitating billions of additional capital spending.

S.206 Deer Island Asset Protection - AB Future Cap period estimates

Project Description	Replacement FY	Escalated Replacement Cost *	FY29-FY33	FY34-FY38	FY39-FY43	FY44-FY48	FY49-FY53
DITP Roof Replacements	2051	$6,175,327	$0	$0	$0	$0	$6,029,477
Dig/Stor Tk Rehab Const	2050	$655,446,576	$0	$0	$0	$335,618,002	$316,544,753
NMPS WTF Valve & Piping - ESDC/REI	2039	$2,496,940	$0	$2,127,806	$369,134	$0	$0
Expansion Joint Repair - Design	2045	$411,235	$0	$0	$298,118	$113,117	$0
Expansion Joint Repair - Construct. 1	2044	$838,664	$0	$0	$0	$719,252	$0
Barge Berth Des/ESDC/REI	2052	$6,841,300	$0	$0	$0	$894,401	$5,785,319
Digester Gas Flare No 4-Des/ESDC	2049	$2,039,081	$0	$0	$0	$1,725,786	$313,295
Digester Gas Flare No. 4 - Construction	2048	$4,757,857	$0	$0	$0	$4,080,416	$0
CHP Des/ESDC/REI	2052	$30,865,829	$0	$0	$0	$12,719,652	$17,765,631
Roof Replacement - Phase I	2050	$7,383,767	$0	$0	$0	$0	$7,209,376
Reline Hypochlorite Tanks 1 & 3	2048	$4,540,698	$0	$0	$0	$4,540,698	$0
Outfall Modification - Inspection	2043	$477,505	$0	$0	$477,505	$0	$0
Secondary Clarifier Access	2043	$756,506	$0	$0	$756,506	$0	$0
DSL Pump Replacement - Phase 2	2038	$4,488,476	$0	$4,488,476	$0	$0	$0
Co-Digestion Design/Build	2053	$8,193,082	$0	$0	$0	$0	$8,193,082
Chemical Pipe Replacement - Design	2038	$2,262,816	$0	$2,209,373	$0	$0	$0
Chemical Pipe Replacement - Constructio	2041	$13,034,683	$0	$0	$12,896,293	$0	$0
WTF VFD Replacement - Construction	2041	$19,604,695	$0	$6,304,990	$13,299,706	$0	$0
Secondary Reactor VFDs	2037	$5,428,729	$3,424,505	$1,452,801	$0	$0	$0
NMPS VFD Replacement - Construction	2036	$45,295,679	$8,332,343	$35,893,535	$0	$0	$0
Fire Alarm System Replacemen - Design	2047	$1,882,539	$0	$130,061	$1,196,876	$555,602	$0
Combined Heat & Power - Construction	2033	$310,000,000	$206,628,069	$0	$0	$0	$0
Dystor Tank Membrane Replacement	2046	$1,761,939	$0	$0	$0	$1,662,602	$0
Fire Alarm System Replacement - Constru	2048	$80,292,206	$0	$0	$0	$79,745,212	$0
Digester Modules 1 & 2 Pipe Replacemt	2035	$11,918,875	$3,081,858	$8,755,820	$0	$0	$0
Cathodic Protection - Construction	2051	$14,747,548	$0	$0	$0	$1,018,879	$13,728,669
Centrifuge Backdrive Replacement	2035	$6,497,448	$0	$6,343,991	$0	$0	$0
Switchgear Relay Replac Constr	2052	$13,436,655	$0	$0	$0	$0	$13,345,117
Power System Improvements - Construct.	2037	$16,570,345	$8,743,668	$7,600,575	$0	$0	$0
HVAC Design/ESDC	2052	$13,558,714	$0	$0	$0	$6,863,236	$6,662,520
Misc. VFD Replacements FY19-FY23	2045	$624,149	$0	$0	$393,105	$231,044	$0
SSPS VFD Replace Des/ESDC/REI	2049	$13,574,680	$0	$0	$2,007,891	$10,916,681	$617,112
SSPS VFD Replace Const	2053	$330,877,625	$0	$0	$0	$40,907,226	$289,970,398
Misc. VFD Replacements FY18	2038	$816,031	$0	$816,031	$0	$0	$0
Radio Rptr Syst Upgr 2	2035	$3,199,571	$611,265	$2,588,306	$0	$0	$0
DI Dystor Membrane Replacements	2047	$15,566,856	$0	$0	$0	$15,401,582	$0
DI CTG Rebuilds	2038	$14,620,835	$0	$14,275,518	$0	$0	$0
Centrifuge Replac Des/ESCD/REI	2051	$22,940,630	$0	$0	$0	$13,160,647	$9,779,983
DI Centrifuge Replacements - Construct.	2052	$27,266,578	$0	$0	$0	$0	$27,080,823
CryoPlntEqpt ReplDes-ESDC-REI	2043	$18,369,213	$0	$5,144,459	$13,224,754	$0	$0
Cryogenics Plant Equip Replace - Const.	2041	$41,602,748	$0	$4,023,832	$37,578,916	$0	$0
Gas Protect Systm Replac Ph 1	2042	$2,426,915	$0	$0	$2,369,596	$0	$0
PICS FiberLoop Replac	2043	$23,937,581	$0	$0	$23,937,581	$0	$0
Chemical Tank and Digester Pipe	2041	$14,370,501	$0	$0	$13,282,144	$0	$0
Clarif W3H Flush Syst	2034	$2,120,314	$0	$2,070,236	$0	$0	$0
Clar Reh Phase 2 - Des/ESDC	2049	$6,361,208	$0	$691,761	$3,238,269	$2,294,636	$136,541
Clarifier Rehab Phase 2 - Construction	2049	$495,132,344	$0	$0	$0	$457,978,005	$37,154,339
Clarifier Rehab Phase 2 - REI	2050	$11,961,900	$0	$0	$0	$8,671,578	$3,290,322
Cryogenics Chillers Replacement	2037	$5,405,684	$0	$5,348,291	$0	$0	$0
MCC Switchgr Repl Des/ESDC/REI	2036	$1,034,793	$745,004	$240,741	$0	$0	$0
Fire System Replacement - REI	2039	$15,361,015	$0	$13,175,559	$2,108,496	$0	$0
Grav Thick Ctr Col Repl	2034	$1,352,607	$0	$1,320,661	$0	$0	$0
Gravity Thickener Rehab	2042	$33,901,197	$0	$0	$32,391,999	$0	$0
Hydroturb Repl Const	2039	$18,068,023	$0	$15,497,434	$2,480,068	$0	$0
HVAC Control System Replacement	2052	$36,049,562	$0	$0	$0	$9,916,564	$25,603,522
HVAC Fume Hoods Replacement	2052	$31,133,712	$0	$0	$0	$7,493,699	$23,640,013
HVAC Mechanical Equp Replac	2052	$36,049,562	$0	$0	$0	$8,676,915	$27,372,647
Cryo Facility Valve Repl	2048	$19,987,024	$0	$0	$0	$19,987,024	$0
		TOTAL ($ M)	**$232**	**$141**	**$163**	**$1,046**	**$878**

*Modeled using prior project parameters, CIP Appendix 8 - Expected Useful Life & 2.5% inflation

Waterworks Capital Spending by Program



Waterworks

Waterworks Capital Spending

The PFY27 Proposed Capital Improvement Program includes **$163.4 million** in Waterworks System Improvements, representing approximately **38%** of MWRA's total capital spending of **$427.3 million**. This reflects a continued emphasis on long-term system resilience, as the Authority advances investments in aging infrastructure replacement, hydraulic performance, and system redundancy.

Waterworks investment remains a major component of the capital program outside of the Tunnel Redundancy project, which accounts for **$48.5 million** in PFY27 spending. The remaining capital program supports ongoing system-wide improvements across both the water and wastewater systems, with waterworks continuing to represent a significant share of those investments.

Over the FY24–28 capital plan period, cumulative waterworks spending totals approximately **$681.4 million**, increasing substantially to approximately **$1.99 billion** over FY29–33 as long-term transmission redundancy and tunnel-related investments accelerate. These figures reflect gross projected capital program spending, including major transmission redundancy investments associated with the Metropolitan Water Tunnel Program and related system improvements.

This trajectory reflects the growing scale of investment required to maintain system reliability and prepare for future demand, as earlier design and planning efforts transition into larger construction phases associated with long-term

system redundancy and transmission improvements.

Drinking Water Quality Improvements

The PFY27 CIP allocates approximately **$8.1 million** to Drinking Water Quality Improvements, with the majority of funding concentrated within the Carroll Water Treatment Plant.

The primary driver of this spending is ongoing work at the facility to upgrade treatment processes, instrumentation, and process control systems, allowing operators to more precisely monitor water quality and adjust treatment operations in real time. Additional investment supports asset protection efforts, including HVAC system replacement, UV disinfection area improvements, and upgrades to process support infrastructure such as the PT Building CO2 system. Together, these projects support the continued reliability of MWRA's primary treatment facility and ensure compliance with evolving regulatory requirements.

Over the FY24–28 capital plan period, estimated spending totals approximately **$22.9 million**, increasing to approximately **$56.9 million** over FY29–33, reflecting the timing of future facility upgrades and continued investment in treatment system reliability. While not a primary driver of overall capital spending, these investments remain critical to maintaining consistent water quality performance.

Transmission

Transmission improvements remain the largest component of Waterworks investment in PFY27, with approximately **$73.6 million** in planned spending, concentrated in a small number of major programs that support system redundancy, reliability, and long-term capacity.

The primary driver is the Metropolitan Water Tunnel Program, which accounts for approximately **$48.5 million** in PFY27 and approximately **$208.8 million** over the FY24–28 capital plan period. Current work includes approximately **$27.5 million** for final design and environmental review activities associated with the development of a deep rock tunnel system beneath metropolitan Boston. This project will provide critical backup conveyance capacity, allowing MWRA to maintain service during major outages or maintenance events. While current work is focused on planning and early-stage implementation, it represents the single largest long-term capital commitment on the waterworks side and is expected to drive substantially higher spending as construction advances in future years.

Additional funding is directed toward interim redundancy improvements, which account for approximately **$15.8 million** in PFY27 and approximately **$164.9 million** over FY24–28. This work includes ongoing rehabilitation activities at WASM 3, upgrades to shafts and pipelines, and improvements to system interconnections that strengthen operational flexibility while the long-term tunnel solution advances. Other transmission investments support ongoing maintenance of upstream infrastructure, including intake structures and large control valves that regulate the flow of source water from the reservoir system to the treatment plant.

Over the FY24–28 capital plan period, total transmission spending is estimated at approximately **$341.3 million**, increasing to approximately **$1.47 billion** over FY29–33, with annual investments exceeding **$300 million** in peak years. These increases are driven primarily by the advancement of the tunnel program and will play a central role in shaping future borrowing needs, debt service, and rate impacts.

Distribution and Pumping

Distribution and pumping investments total approximately **$49.9 million** in PFY27 and focus on improving system connectivity, expanding capacity within key pressure zones, rehabilitating aging infrastructure, and improving operational flexibility throughout the regional distribution network.

A significant portion of PFY27 spending is associated with the NHS – Revere & Malden Pipeline Improvements program, which accounts for approximately **$16.9 million** in PFY27 and approximately **$38.1 million** over FY24–28. This program includes major pipeline replacement and interconnection work intended to improve reliability and strengthen service within the Northern High Service pressure zone.

Additional investment is directed toward the New Connecting Mains – Shaft 7 to WASM 3 program, which accounts for approximately **$13.5 million** in PFY27 and approximately **$57.5 million** over FY24–28. These projects improve the system's ability to reroute water between transmission and distribution facilities, increasing redundancy and operational flexibility during maintenance activities or emergency conditions.

The Northern Extra High Service (NEH) – New Pipelines program represents another major component of PFY27 spending, totaling approximately **$13.8 million** in PFY27 and approximately **$41.1 million** over FY24–28. This multi-phase effort includes construction of new large-diameter mains designed to increase delivery capacity and stabilize pressures within the Northern Extra High pressure zone as demand and system needs evolve.

Other investments support the Northern Intermediate High (NIH) Redundancy & Storage program, which totals approximately **$22.8 million** over FY24–28 and includes planning and design for additional storage capacity intended to improve system resiliency during peak demand periods and emergency operations.

Additional work includes the Rehabilitation of Other Pump Stations program, ongoing Cathodic Protection of Distribution Mains improvements intended to reduce corrosion and extend pipeline life, and the Section 80 Rehabilitation program, which supports continued rehabilitation of critical transmission and distribution infrastructure.

Cumulative Distribution and Pumping spending over the FY24–28 capital plan period totals approximately **$170.7 million**, increasing to approximately **$371.5 million** over FY29–33 as major pipeline, storage, and pressure zone improvements continue advancing throughout the regional system.

Other Waterworks

Other Waterworks spending totals approximately **$31.8 million** in PFY27 and includes a mix of community assistance, facility asset protection, and system support programs.

A significant portion of this category is associated with the Local Water System Assistance Program (LWSAP), which supports loans and grants to member communities for projects such as water main replacement, leak reduction, and lead service line removal. While PFY27 includes both disbursements and repayments within this program, gross distributions remain a key component of overall investment, particularly under Phase 4, which continues to ramp up as projects move from design into construction.

Additional investment is directed toward facility asset protection, which accounts for approximately **$9.8 million** in PFY27 and approximately **$32.8 million** over FY24–28. This work includes steel tank rehabilitation, roof replacements, structural upgrades, and related improvements that maintain the integrity of critical infrastructure and reduce the risk of more costly long-term deterioration.

Smaller but important investments support upgrades to SCADA systems and related monitoring infrastructure that improve real-time operational visibility across the waterworks system.

Over the FY24–28 capital plan period, total spending for Other Waterworks totals approximately **$146.6 million**, while the FY29–33 period reflects a net reduction of approximately **$85.9 million**, as loan repayments within community assistance programs begin to offset new disbursements in the outyears.

Business & Operations

The Business & Operations Support category of the CIP comprises programs designed to modernize the Authority's technology, enhance alternative energy production and provide specialized professional services to maintain organizational efficiency. The proposed FY27 spending plan totals $44.3 million, an increase of $26.1 million from FY26.

FY27 projects $8 million of new spending over the $15.8 baseline established in the previous budget cycle for a large-scale solar installation at Norumbega Covered Storage facility in Weston. FY24-28 CAP period spending for Business & Operations rose $18.3 million in FY26 to $96.7 million in the FY27 cycle due primarily to the addition of this $10 million project which expects to receive partial reimbursement from the $20 million Climate Mitigation Trust Grant appropriated to MWRA in FY25. Investment in alternative energy initiatives has been the main driver of growth in the Business & Operations category of the CIP, now representing 30% of the CAP period spending in this category.

Alternative Energy Initiatives

The Norumbega Covered Water Storage project is one of seven projects added to the CIP in FY27 and one of the top 10 largest CIP projects by spending in FY27. This project is a key component of the MWRA's broader strategy to reduce greenhouse gas emissions and expand its renewable energy portfolio. The surface area of the covered storage tank could physically accommodate up to 45 megawatts (MW) of solar capacity. Current Eversource available grid capacity mapping indicates only 2 MW in the immediate area. MWRA is working with a solar contractor to explore distributing power loads across different segments of the grid by utilizing multiple interconnections. This $10 million project expects a notice to proceed in July 2026 and substantial completion in June of 2028.

IT Infrastructure Program

While investments in alternative energy are expanding, IT infrastructure focuses on steady-state hardware refreshes and software modernization. FY26 saw significant hardware refreshes for servers and the continued migration to Microsoft Office 365. Spending decreased from $6.2 million in FY26 to $1.4 million in FY27 for this program due to the completion of hardware updates. Projected spending within the FY24-28 CAP period totals $10.8 million, relatively stable compared to previous cycles. Minor adjustments for costs associated with subscription-based services like the Lawson upgrade and Maximo support are anticipated.

Community Assistance Programs

Overview

MWRA continues to support member communities through targeted capital assistance programs that reduce the cost of critical water and wastewater infrastructure improvements. The PFY27 CIP includes significant investment in programs that provide interest-free loans and grants for water main replacement, lead service line removal, system modernization, and sewer rehabilitation. These efforts support regulatory compliance, improve system reliability, and help manage long-term costs for ratepayers.

Community Assistance Programs - Water related

Lead Service Line Replacement Program

The Lead Service Line Replacement Program continues to support the removal of both public and private lead service lines across member communities, with total program authorization of $200 million in loans and grants. Originally launched in 2016, the program was expanded in 2024 to include a 25% grant component for communities that commit to replacing both the public and privately owned portions of lead service lines, while maintaining interest-free loans with ten-year repayment terms.

Through December 2025, approximately $72.4 million has been distributed to fund 64 projects in 22 communities, including $4.8 million in grants and $67.6 million in loans, with these projects expected to replace more than 6,000 known lead service lines and address thousands of unknown service connections. As of March 2026, communities have identified approximately 11,924 known lead service lines and nearly 64,000 unknown service lines, both of which remain a focus of ongoing inventory refinement and replacement efforts.

The program is designed to support full lead service line removal by 2032, positioning communities ahead of anticipated federal requirements while avoiding the need for more costly long-term treatment alternatives.

Local Water System Assistance Program

The Local Water System Assistance Program remains the primary vehicle for funding local water infrastructure improvements and continues under Phase 4, with total program authorization of approximately $1.056 billion through FY35. The program provides interest-free loans to member communities for water main replacement, cleaning and lining, water tank rehabilitation, water quality improvements, and system modernization.

Through December 2025, approximately $651 million has been distributed to support 676 projects, including water main replacement, rehabilitation, and system upgrades, with the majority of projects completed and the remainder in active planning, design, or construction. These investments have significantly improved water quality across the region, particularly through the replacement of unlined cast iron mains, though approximately 1,947 miles of unlined pipe remain in local systems, representing a continued capital need.

Phase 4, authorized in FY25, includes approximately $300.6 million in additional loan capacity, with only $7.3 million distributed to date, indicating that program activity is expected to accelerate as projects advance into construction. In addition to core infrastructure work, communities may utilize a portion of their funding for Tier Two projects, including metering upgrades, energy efficiency improvements, and operational enhancements.

Community Assistance Programs - Wastewater related

Local I/I Assistance Program

Reducing groundwater and stormwater entering the sewer system, or infiltration and inflow (I/I), remains a priority for maintaining flows to Deer Island within permit limits, minimizing CSO activity, and preventing untreated discharges. The Local I/I Financial Assistance Program provides grants and interest-free loans to support rehabilitation of locally owned sewer systems and reduce excess flows entering the regional system.

Since its inception in 1993, the program has authorized approximately $1.086 billion in funding, with about $596 million distributed through December 2025 to support 708 local projects, including 616 completed projects and 92 ongoing projects. The majority of funding has supported construction, with additional investment in planning, design, and engineering services to advance future work.

These investments have resulted in extensive sewer rehabilitation, manhole repairs, and system inspections, while contributing to long-term reductions in wastewater flows. Over the past decade, dry day flows to Deer Island have averaged approximately 279 MGD, well below current and proposed permit limits, reflecting the combined impact of I/I reduction efforts, CSO control projects, and reduced water demand.

Approximately $489 million in authorized funding remains available for distribution through FY35, ensuring continued investment in local sewer system improvements. In combination with the CSO Control Program, the I/I Financial Assistance Program remains a critical component of maintaining compliance with NPDES permit requirements and protecting regional water quality.

CSO Long-Term Control Plan

Future Protection, Extreme Obligations

Combined Sewer Overflows (CSOs) remain one of the most significant long-term investment areas within the Massachusetts Water Resources Authority's wastewater system. Over several decades, the MWRA and its member communities have made substantial progress in reducing CSO discharges and improving regional water quality. These investments have delivered meaningful environmental and public health benefits and represent a sustained commitment to cleaner rivers and coastal waters.

The current phase of CSO planning, however, differs fundamentally from earlier stages of the program. Much of the readily achievable work has already been completed. The remaining alternatives now under consideration involve higher costs, longer timelines, increased construction impacts, and more complex questions regarding incremental environmental benefit. At the same time, the updated Long-Term Control Plan is being developed using forward-looking 2050 climate assumptions, an approach believed to be the first of its kind in the nation for CSO planning and a meaningful advancement beyond reliance on historical rainfall data alone.

This shift in context requires a corresponding shift in evaluation. As the scale and duration of remaining investments increase, decisions must be assessed through a disciplined framework that considers documented benefit, proportionality, affordability, feasibility, construction and community impact, and long-term stewardship. These factors are not secondary considerations; they are integral to responsible environmental and financial decision-making.

CSO decisions must also be understood within the broader context of the MWRA's capital program and long-term financial obligations. These are not isolated investments, but multi-decade commitments that interact with other system needs and ultimately shape the ratepayer burden carried by member communities over time. The Advisory Board's CSO Dashboard is intended to help make that burden more visible by translating systemwide scenarios into community-level obligations and extending the analysis beyond the 2050 planning horizon.

The MWRA's updated Long-Term Control Plan is being advanced within a formal public review process, and the Advisory Board will continue to evaluate the range of alternatives through that process, including the development of formal comments during the public comment period. Accordingly, the Advisory Board's focus at this stage is not on selecting a specific path forward, but on ensuring that the evaluation of those alternatives is grounded in clear documentation of tradeoffs, transparent communication of long-term implications, and a wider lens for assessing affordability, system sustainability, and responsible long-term decision-making.

In Depth

Progress and Current Context

Combined Sewer Overflows (CSOs) have been a central focus of the Massachusetts Water Resources Authority's wastewater program for decades. Since the inception of the Long-Term Control Plan, the MWRA and its member communities have made sustained and substantial investments to reduce the frequency and volume of CSO discharges and to improve water quality throughout the region.

The scale of this investment was not insignificant, and it was not without scrutiny. The Advisory Board and its member communities have long examined CSO spending through the lens of ratepayer impact, affordability, and environmental benefit. That scrutiny reflected the Board's responsibility to ensure that major investments were not only environmentally sound, but also equitable for the ratepayers asked to fund them. The completed LTCP

demonstrates that substantial investment can be justified when it delivers clear, durable, and measurable public value.

Harbor watchdogs fear cleanup costs

By NICK TATE

THE FANFARE of groundbreaking ceremonies for the Boston Harbor cleanup project gave way to concerns yesterday over who will pick up the tab for the plan and for other needed upgrades in the system.

And while Bay State officials continued to heap praise on one another for beginning the long-delayed construction of a $6.1 billion wastewater-treatment plant on Deer Island, watchdog groups and environmentalists were voicing concerns about other key aspects of the harbor cleanup that have yet to be addressed.

"I'm glad that they are finally going to move ahead and build a treatment plant," said Amy Goldsmith, regional program director for the Clean Water Action Project. "But I have a lot of concerns about it.

"One is that it's not going to address what we see as fundamental reasons for the pollution of Boston Harbor — the introduction of (industrial) toxics into the sewer system and the inability of the system to handle the growth in (usage)."

Goldsmith and other observers noted that cleanup officials have barely scratched the surface in addressing these issues and other issues and have yet to begin serious planning efforts.

Chief among major cleanup components that have not even made it to the drawing board are:

- Replacing the antiquated sewer lines, some more than a century old, that criss-cross through 60 communities before reaching the MWRA treatment plants;
- A new $1 billion system to control raw sewage flows into the harbor from "combined sewage overflows" during rainstorms;
- Cleaning up the brew of toxic chemicals, trace metals and human waste sediment that continue to linger in harbor waters.

MWRA officials have warned that billions of dollars may be required to set these plans in motion and to revive the harbor as a resource that can be safely used by swimmers and fishermen.

Joseph Favaloro, administrator of the watchdog MWRA advisory board, said he fears the bill for these efforts — in addition to the $6.1 billion project under way — will be laid at the doorstep of the 2.5 million customers serviced by MWRA.

"We can't ask communities to pay all the costs of the cleanup and to address their infrastructure," he said, noting ratepayers are now picking up 94 percent of the tab. "We need to work for more state and federal participation."

This progress should be clearly acknowledged at the outset of any discussion of future CSO investments. It demonstrates that the region's CSO program has delivered substantial public value, while also underscoring that remaining decisions must be evaluated in light of the investments already made, the benefits already achieved, and the more complex conditions now before the MWRA and its member communities.

This history is essential context for evaluating the current phase of CSO planning. The Advisory Board's perspective is grounded in the recognition that meaningful progress has been achieved. The present discussion is therefore not about whether progress has occurred, but about how to approach the next increment of investment in a manner that remains consistent with both environmental objectives and long-term system sustainability.

The Phase Shift in Remaining Work

The current phase of CSO planning differs from the original Long-Term Control Plan in important ways. The earlier program addressed a broad set of outfalls and system conditions where major investments could produce large, visible, and measurable reductions in CSO volume across the region. That work was costly and complex, but the scale of the resulting improvement was clear.

The remaining work presents a different challenge. The updated Long-Term Control Plan focuses on a narrower set of remaining CSO outfalls in the Alewife Brook/Upper Mystic River Basin and the Lower Charles River/Charles Basin, where the regulatory, technical, financial, and community-impact questions are more concentrated. Additional progress remains possible and important, but the next increments of control are likely to require larger commitments for more site-specific and harder-to-achieve gains.

This distinction is especially important because the updated planning process is no longer based solely on historical rainfall assumptions. MWRA, Cambridge, and Somerville have developed alternatives using a future-looking 2050 Typical Year that accounts for projected climate change impacts, including larger and more intense storm events. That approach is an important and forward-looking advance in CSO planning, and it reflects the reality that future infrastructure decisions must be designed for the conditions the system is expected to face, not only those it has experienced in the past.

At the same time, planning for future conditions increases the scale of the challenge. Larger storm assumptions translate into higher projected CSO volumes and, in turn, larger and more complex facilities needed to achieve higher levels of control. As the alternatives move from eliminating CSOs in a 2050 Typical Year toward controlling larger 2050 design storms, the scale of potential investment, construction duration, land impacts, operational complexity, and long-term ratepayer obligation increase substantially.

This does not diminish the importance of continued CSO progress. Rather, it underscores why the current phase must be evaluated differently. The remaining choices are not simply a continuation of the prior program at a smaller scale; they represent a new stage of decision-making in which each additional level of control must be assessed against its documented benefit, feasibility, community disruption, and long-term affordability.

Evaluation Framework

As the remaining CSO decisions become more complex, the standard for evaluating them must become more disciplined. The Advisory Board's review is grounded in the same principle that has long guided its approach to major environmental investments: projects should be environmentally sound and equitable for the ratepayers who fund them.

In the context of the updated Long-Term Control Plan, that principle requires more than a general preference for cleaner water or lower cost. It requires a clear and transparent evaluation of what each alternative is expected to achieve, how quickly those benefits can be realized, what construction and community impacts would accompany implementation, and how the resulting costs would affect member communities over time.

This phase of CSO planning necessarily raises several questions:

- Are the expected environmental and public health benefits clearly documented?
- Would higher-cost alternatives produce demonstrably better water quality, swimmability, or fishability outcomes, particularly given continuing stormwater and upstream impacts?
- Are the costs proportionate to those benefits?
- Are the projects feasible to implement within the affected urban environment?
- What construction, land use, open space, and neighborhood impacts would accompany implementation?
- How long would communities wait before meaningful benefits are realized?
- How would the resulting debt service and operating obligations affect long-term affordability, including obligations that extend beyond the 2050 planning horizon?
- How would those costs be distributed across member communities over time?

These questions are not secondary to environmental analysis. They are integral to responsible environmental and financial stewardship.

A project that delivers water quality benefits only after decades of disruption, significant land impacts, or unsustainable ratepayer burden must be evaluated differently from one that delivers timely, documented, and durable benefits at a proportionate cost.

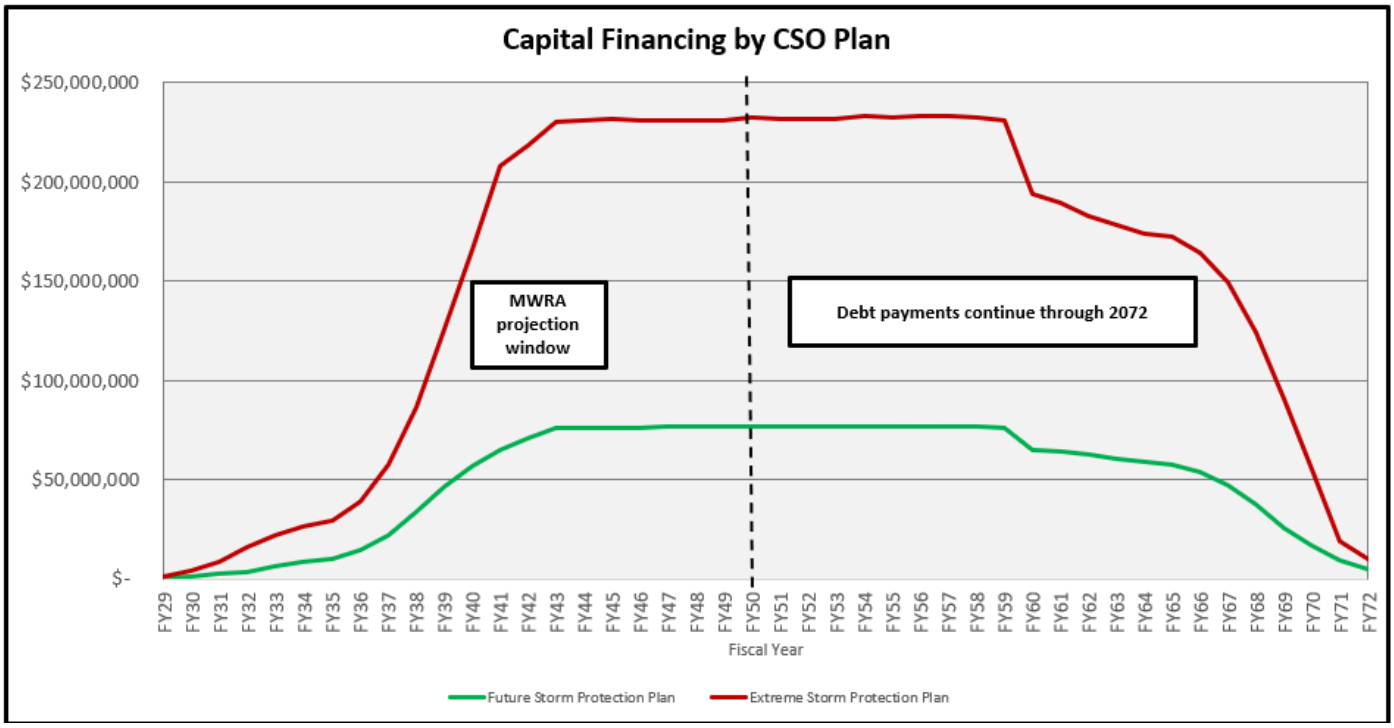
This framework does not prejudge the outcome of the public comment process, nor does it substitute the Advisory Board's judgment for the technical and regulatory review now underway. It does, however, establish the standard by which the Board believes remaining CSO decisions should be assessed: demonstrated benefit, proportionality, feasibility, affordability, community impact, and long-term stewardship.

The Dashboard and the Community-Level View

The public discussion around the updated Long-Term Control Plan already includes significant cost figures. MWRA's official materials presented to its Board of Directors include an Attachment D showing estimated CSO-related sewer assessment increases by community from 2029 through 2050. Those numbers are substantial. For example, under the 2050 25-Year Storm level of control, Attachment D estimates approximately $121.4 million for Quincy, $21.1 million for Winthrop, and $34.3 million for Wellesley through 2050.

Those figures are useful, but incomplete. They show a community-level planning-period estimate, not the full community-cost view. The reason is straightforward: the financial obligation associated with major CSO investments would not end in 2050. These projects would be financed over decades, and communities would continue paying for today's decisions long after the formal planning horizon closes.

That is why the Advisory Board developed its CSO Dashboard. The Dashboard extends the community-level analysis beyond 2050 and through the projected debt-service period ending in 2072. In doing so, it shows what the planning-period view leaves outside the frame: nearly two-thirds of projected mandated CSO community spending would occur after 2050.

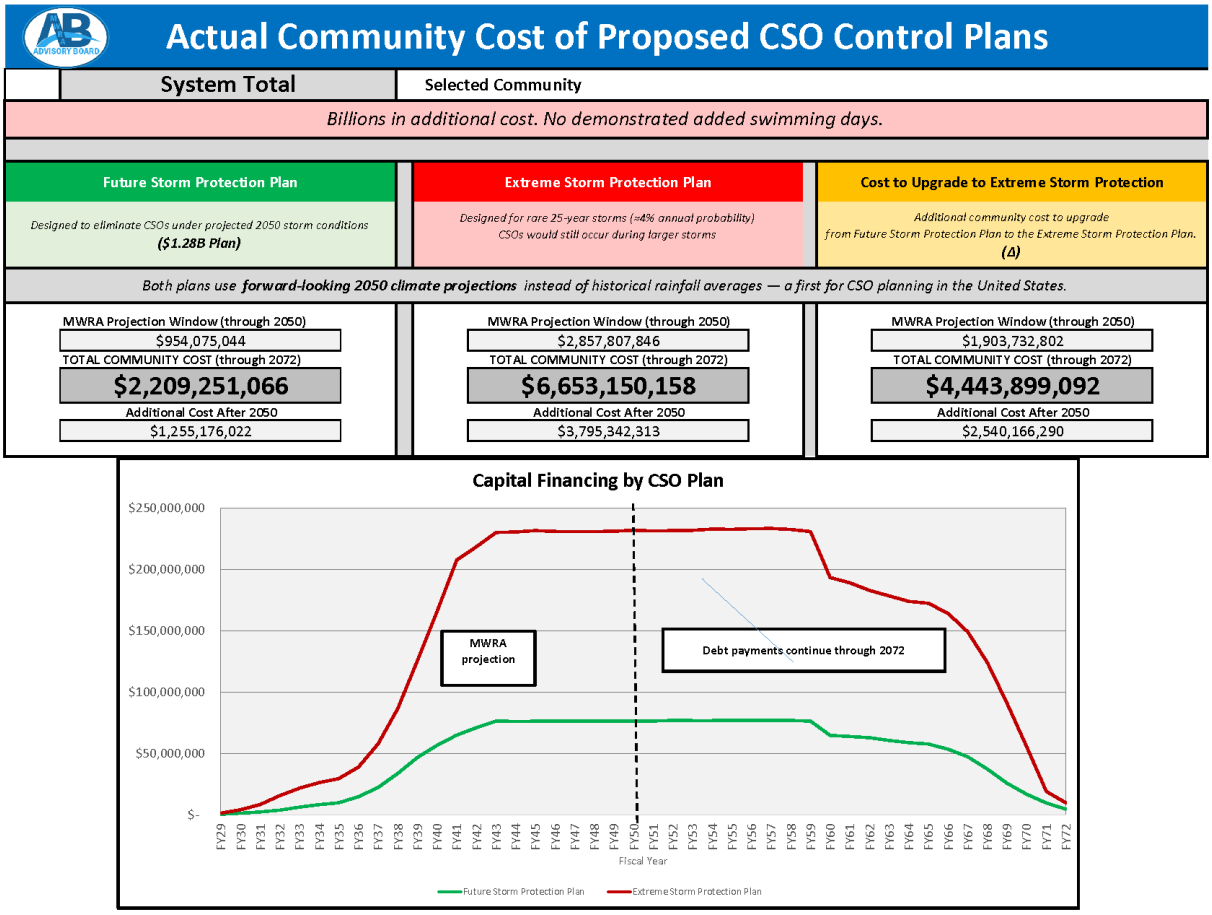


The Advisory Board Dashboard shows that nearly two-thirds of projected mandated CSO community spending would occur after 2050, outside the planning-period view reflected in MWRA's Attachment D.

This is not a minor timing difference. It materially changes how communities should understand the obligation before them. For the same illustrative communities, the Dashboard shows how much larger the obligation becomes when the full repayment period is included:

	Zero CSOs in a 2050 Typical Year (the "$1.28* billion plan")			Zero CSOs in a 2050 25-Year Storm (the "$6.9* billion plan")			Additional Cost from one plan to another (differences between $1.28B* and $6.9B*)		
Community	2029 - 2050	2029 - 2072	2051 - 2072	2029 - 2050	2029 - 2072	2051 - 2072	2029 - 2050	2029 - 2072	2051 - 2072
Quincy	$40,544,196	$93,883,922	$53,339,727	$121,444,870	$282,731,031	$161,286,161	$80,900,675	$188,847,109	$107,946,434
Wellesley	$11,443,012	$26,497,377	$15,054,365	$34,276,056	$79,796,739	$45,520,683	$22,833,044	$53,299,362	$30,466,318
Winthrop	$7,034,809	$16,289,766	$9,254,957	$21,071,856	$49,056,561	$27,984,705	$14,037,047	$32,766,795	$18,729,748
System Total	$954,075,044	$2,209,251,066	$1,255,176,022	$2,857,807,846	$6,653,150,158	$3,795,342,313	$1,903,732,802	$4,443,899,092	$2,540,166,290

A cost that appears significant through 2050 becomes substantially larger when the full repayment period is included. A pathway that appears manageable during the planning period may look materially different when the full debt-service tail is visible.



The Dashboard also addresses a second limitation in the public discussion: scale. Systemwide figures can make costs appear abstract, while average household estimates can understate how major obligations function in municipal practice. The community level is where MWRA assessments are received, sewer rates are set, budget tradeoffs are made, and elected officials are asked to explain long-term obligations to the public. For that reason, community-level cost is the most useful scale for evaluating how CSO decisions will affect the ratepayers who fund the system.

The Dashboard is intended to make the full ratepayer impact visible. It does not replace the technical analysis required through the Long-Term Control Plan process, nor does it predetermine the Advisory Board's formal comments during the public review period. Instead, it adds the community perspective that is often missing when alternatives are discussed only in terms of systemwide capital costs, planning-period estimates, or average household impacts.

This community-level view is especially important because the updated Long-Term Control Plan is already a major departure from traditional CSO planning. Rather than relying only on historical rainfall data, MWRA, Cambridge, and Somerville developed a future-looking 2050 Typical Year using projected climate change data and updated climate science. This approach is believed to be the first of its kind in the nation for CSO planning. It is a more demanding and more realistic planning standard than simply looking backward, and it means that the baseline plan under review is already designed around future conditions.

To make the Dashboard easier to read, the Advisory Board uses shorthand labels for the two principal pathways.

Future Storm Protection (FSP) refers to the alternative designed to eliminate CSOs in a 2050 Typical Year, while **Extreme Storm Protection (ESP)** refers to the alternative designed to eliminate CSOs in a 2050 25-year, 24-hour design storm. These terms are used for readability and are explained more fully below.

That distinction matters because the cost difference becomes much clearer when viewed at the community level and over the full repayment period.

	Zero CSOs in a 2050 Typical Year (the "$1.28* billion plan")			Zero CSOs in a 2050 25-Year Storm (the "$6.9* billion plan")			Additional Cost from one plan to another (differences between $1.28B* and $6.9B*)		
Community	2029 - 2050	2029 - 2072	2051 - 2072	2029 - 2050	2029 - 2072	2051 - 2072	2029 - 2050	2029 - 2072	2051 - 2072
Quincy	$40,544,196	$93,883,922	$53,339,727	$121,444,870	$282,731,031	$161,286,161	$80,900,675	$188,847,109	$107,946,434
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System Total	$954,075,044	$2,209,251,066	$1,255,176,022	$2,857,807,846	$6,653,150,158	$3,795,342,313	$1,903,732,802	$4,443,899,092	$2,540,166,290

Taken together, these views show that the Dashboard is not merely a different presentation of the same information. It changes the frame. It shows how the shift from FSP to ESP changes the scale of local obligation for individual communities, and how the time horizon changes the meaning of that obligation.

This is the practical meaning of an all-in affordability lens. The question is not only what a project costs in total, but also how that cost is allocated, how long it remains on community assessments, how it interacts with other MWRA obligations, and what additional disruption, construction duration, land use, and neighborhood impacts accompany the investment. Affordability is not fully understood until those factors are viewed together.

These examples are not presented to assign value judgments to any individual community's share or to substitute for the formal public comment process. They demonstrate why a fuller view of community obligation is necessary before permanent, mandated investments are locked into the system. In the CSO context, the Advisory Board's role is to help communities understand not only what each pathway may cost, but also who pays, when those costs arrive, how long they last, and how they fit within the broader set of long-term obligations facing the MWRA system.

In that sense, the Dashboard provides a full community-cost view: not just what projects cost, but when communities pay, how debt service accumulates, how obligations are distributed, and how far beyond 2050 the repayment tail extends.

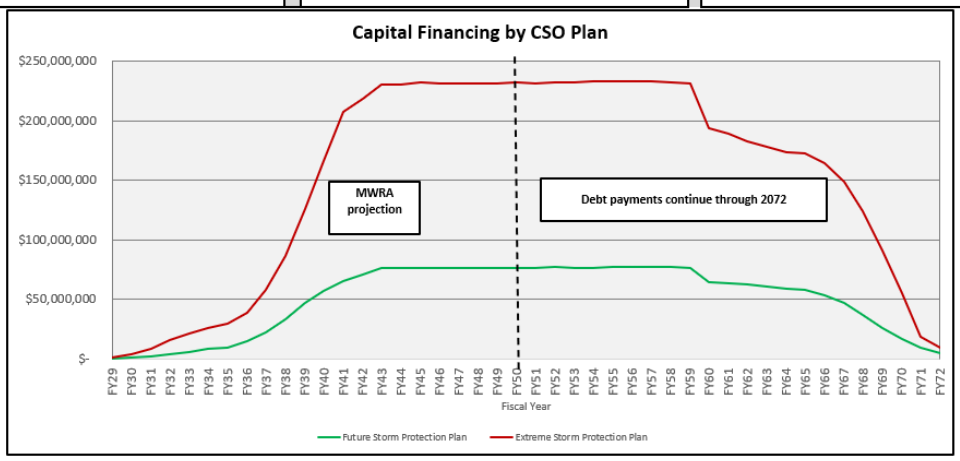
Readers seeking to review the Dashboard directly, including the underlying methodology and assumptions, may access the Advisory Board's CSO Dashboard and methodology through the accompanying Advisory Board CSO analysis post: [link here].

Actual Community Cost of Proposed CSO Control Plans

System Total ← Selected Community

Billions in additional cost. No demonstrated added swimming days.

Future Storm Protection Plan	Extreme Storm Protection Plan	Cost to Upgrade to Extreme Storm Protection
MWRA Projection Window (through 2050)	MWRA Projection Window (through 2050)	MWRA Projection Window (through 2050)
$954,075,044	$2,857,807,846	$1,903,732,802
TOTAL COMMUNITY COST (through 2072)	TOTAL COMMUNITY COST (through 2072)	TOTAL COMMUNITY COST (through 2072)
$2,209,251,066	**$6,653,150,158**	**$4,443,899,092**
Additional Cost After 2050	Additional Cost After 2050	Additional Cost After 2050
$1,255,176,022	$3,795,342,313	$2,540,166,290

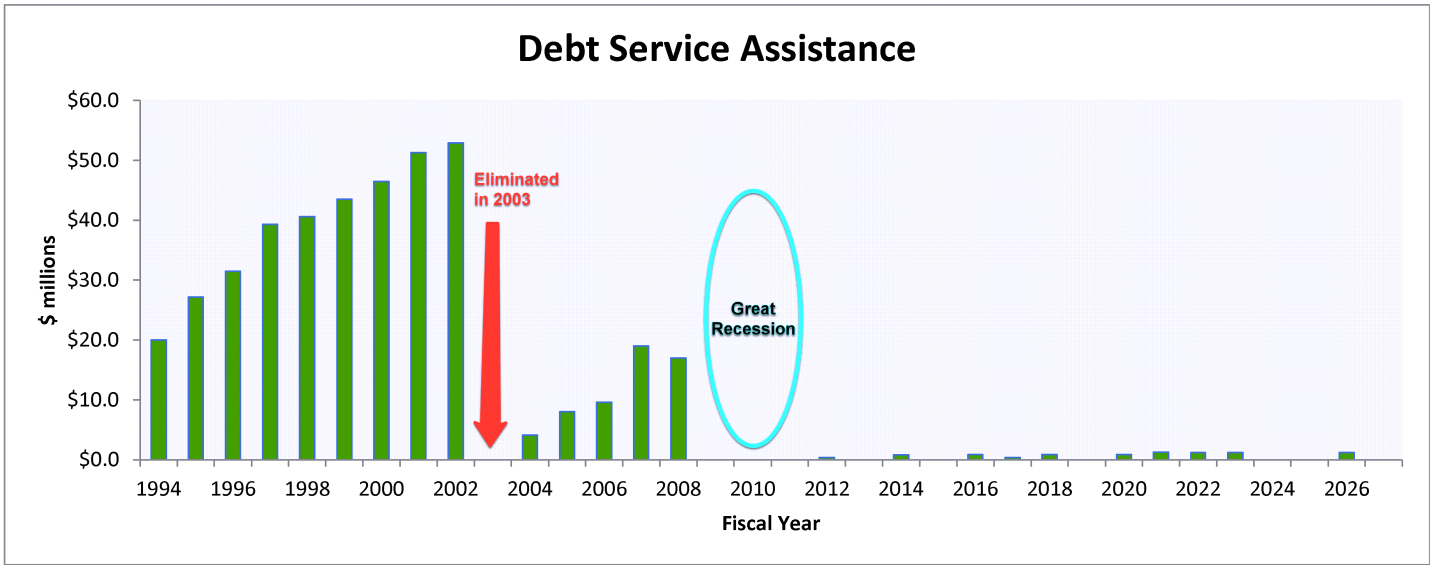


External Funding and Long-Term Planning Risk

State and federal assistance can and should be pursued for major wastewater investments that deliver broad public benefits. CSO control, like the Boston Harbor cleanup before it, advances environmental objectives that extend beyond any single community. Additional outside support would help reduce the burden on ratepayers and should remain part of the region's advocacy strategy.

At the same time, history counsels caution. During the Harbor Cleanup era, the Advisory Board repeatedly warned that ratepayers were being asked to carry the burden of federally and state-driven mandates without sufficient outside funding. In contemporaneous materials, the Board described the problem as "mandates without money," while calling for significant federal and state assistance to arrive during peak spending years rather than after debt service obligations had already been incurred. That concern remains relevant today. Once a major CSO program is approved and incorporated into regulatory obligations, the resulting spending becomes mandatory. If hoped-for external funding does not materialize, or if annual appropriations are later reduced, the obligation does not disappear; it shifts back to MWRA communities and ratepayers.

Debt Service Assistance provides a useful example. State support has been valuable when available, and it has helped reduce the burden of major mandated investments. But its history also demonstrates the risk of relying on annual appropriations as though they were guaranteed long-term financing. Appropriations are inherently subject to broader fiscal conditions, competing state priorities, and annual budget decisions. When assistance is reduced or eliminated, MWRA must still meet its debt service obligations.



That history also underscores one of MWRA's major institutional strengths. Despite periods of limited or reduced outside assistance, MWRA has maintained its debt service obligations, preserved financial stability, and continued implementing major environmental and infrastructure programs. That record deserves acknowledgment. It reflects disciplined financial management and a rate-setting framework that has allowed the Authority to meet long-term obligations even when external support proved uncertain.

The lesson for the updated Long-Term Control Plan is not that outside funding should be dismissed. It is that uncommitted outside funding should not be used to obscure the true long-term ratepayer obligation associated with any selected alternative. A planning approach that assumes uncertain future appropriations as a way to make a larger program appear affordable is not sustainable, predictable, or responsible.

This point is especially important because CSO spending would not occur in isolation. Any additional CSO obligation would arrive during the same period in which MWRA is managing other major capital and operating pressures, including aging infrastructure, Deer Island and system renewal needs, regulatory requirements, pension and OPEB obligations, climate-related planning demands, and other long-term cost drivers. External funding may help offset some portion of these costs if it is secured, but it cannot substitute for disciplined affordability analysis or be assumed in place of it.

Accordingly, the Advisory Board supports continued pursuit of state and federal assistance for CSO investments, while emphasizing that uncommitted external funding should be clearly distinguished from committed funding in all CSO planning materials. Potential future assistance should not be used to obscure the long-term ratepayer obligation associated with any selected alternative.

CSO Within the Broader Financial Context

CSO investments must be evaluated as part of the MWRA's broader long-term financial picture. The updated Long-Term Control Plan represents a major potential capital obligation, but it is not the only significant pressure facing the Authority, its member communities, or the ratepayers who ultimately fund the system.

Over the same general period in which new CSO investments would be planned, financed, and repaid, MWRA will also be managing a substantial portfolio of other obligations. These include continued renewal of aging water and wastewater infrastructure, Deer Island and wastewater system investments, climate adaptation and resilience needs, regulatory requirements, emerging contaminants and treatment pressures, and long-term pension and OPEB obligations. Each of these areas may be manageable when viewed individually. Taken together, they define a more complex financial environment for future rate-setting.

That cumulative perspective matters because communities do not experience MWRA costs by project category. They experience the combined effect through assessments, local budgets, sewer rates, and household bills. A CSO project may be justified on its own terms, but its affordability cannot be fully understood unless it is evaluated alongside the other obligations arriving during the same period.

This is the practical application of an all-in affordability lens. The question is not only whether MWRA can finance a particular CSO alternative in isolation, but whether the cumulative set of obligations facing the system remains sustainable, predictable, and responsible for the communities that fund it. Responsible affordability requires attention not only to total cost, but also to timing, duration, debt service, operating impacts, construction disruption, community burden, and the interaction among major system commitments.

That broader context does not argue against continued CSO investment. It does, however, require that each additional level of control be evaluated with discipline. As the region considers the difference between Future Storm Protection and Extreme Storm Protection, the question is not simply which pathway offers a higher level of CSO control. The question is whether the added cost, disruption, and long-term obligation associated with a more expansive pathway are proportionate to the documented environmental and public health benefits it would provide.

Viewed in this context, CSO planning is not only an environmental decision or a technical compliance exercise. It is also a long-term system-financing decision. For that reason, the Advisory Board's review must continue to evaluate CSO alternatives through the same broader frame that guides this year's Comments and Recommendations: maintaining near-term stability while widening the lens through which long-term affordability and system sustainability are assessed.

Framing the Range of Future Pathways

Simply put, the remaining CSO choices cannot be reduced to whether the region supports cleaner water. The Advisory Board's analysis and Dashboard help answer part of the framework established above: they show that nearly two-thirds of projected mandated CSO community spending would occur after 2050, beyond the snapshot reflected in MWRA's Attachment D, and that the shift from Future Storm Protection to Extreme Storm Protection would add substantial obligations for every MWRA sewer community, extending through 2072. But even with that fuller cost picture, several core questions remain unanswered: what additional benefit would ESP deliver, when would it arrive, and would it materially improve water quality, swimmability, or fishability in light of continuing stormwater and upstream impacts?

The answer cannot be aspiration alone. The region has already demonstrated its commitment to cleaner rivers through decades of investment, difficult rate decisions, and measurable CSO reduction. The question now is whether the next increment of investment is justified by clear, durable, and proportionate public value when viewed against the full cost, full timeline, and full set of competing obligations facing MWRA and its member communities. Put simply: is the value worth the burden?

The Advisory Board uses the terms **Future Storm Protection** and **Extreme Storm Protection** to make the practical difference between the two principal pathways more understandable to the communities that will fund them. These terms do not replace the technical analysis in the updated Long-Term Control Plan; they translate that analysis into language that better reflects the scale of choice before the region.

The value must be worth the burden.

Future Storm Protection refers to the approach designed to eliminate CSOs in a 2050 Typical Year. This is a significant and climate-forward standard. Rather than relying only on historical rainfall data, the updated planning process uses

projected 2050 climate conditions to evaluate how the system should perform under future typical-year conditions. That approach is believed to be the first of its kind in the nation for CSO planning and should be recognized as a meaningful advancement in environmental planning.

Extreme Storm Protection refers to the more expansive approach designed to eliminate CSOs in a 2050 25-year, 24-hour design storm. Put plainly, ESP would ask ratepayers to finance infrastructure designed around storm conditions expected, statistically, 4% of the time. That is a materially different standard from planning for future typical-year conditions. It would require a different scale of infrastructure, financing, construction duration, and community impact. ESP should therefore not be treated as a modest enhancement to FSP. It represents a fundamentally different level of system commitment.

The distinction matters because public discussion can too easily flatten the alternatives into a question of ambition alone. A higher level of control may appear preferable in the abstract, but responsible decision-making requires more than aspiration — and more than a victory on paper. If a more expansive pathway changes the regulatory designation or control target without producing meaningful, durable, and demonstrable improvements in water quality, public health, swimmability, or fishability, then the region must be clear-eyed about what ratepayers are being asked to fund.

The Advisory Board is not prejudging the formal public comment process or foreclosing consideration of any alternative. Rather, it is identifying the standard that should guide review of the updated Long-Term Control Plan. If the region is asked to move beyond Future Storm Protection toward Extreme Storm Protection, the added cost, disruption, duration, land impacts, and long-term community obligation should be matched by clearly documented and proportionate environmental and public health benefits.

That is the essential test for this phase of CSO planning. Continued progress remains necessary and appropriate. But the remaining decisions must be made with a wider lens than capital cost, control level, or regulatory designation alone. They must be evaluated for what they would actually deliver, what they would permanently obligate, what other needs they may constrain, and whether they remain environmentally sound, ratepayer equitable, and responsible in light of the full set of obligations facing the MWRA system.

In Conclusion

The Advisory Board supports continued CSO progress and recognizes the environmental and public health value of cleaner rivers. The progress achieved through the original Long-Term Control Plan demonstrates that major regional investment can produce meaningful and durable public value when the benefits are clear, the work is justified, and the cost is understood by the communities asked to fund it.

The remaining decisions require the same discipline, applied through a wider lens. The next phase of CSO planning involves higher marginal costs, longer implementation timelines, broader construction and land use impacts, and more complex questions about incremental environmental benefit. Affordability must therefore be evaluated not only by project cost, but by how obligations are distributed across member communities, how long they remain embedded in assessments, how much of the burden falls beyond the 2050 planning horizon, and how those obligations interact with other long-term MWRA and local needs.

The Advisory Board will continue to evaluate the Draft Updated CSO Control Plan through the formal public comment process and full Board review. At this stage, the Board is not selecting a final pathway or foreclosing consideration of any alternative. It is identifying the standard that should guide review: continued progress should be documented, proportionate, feasible, transparent, and responsible in light of the full set of obligations facing the MWRA system.

Comment: *The Advisory Board supports continued pursuit of CSO reductions and cleaner rivers. As the Draft Updated CSO Control Plan advances through public review, MWRA should clearly document the expected environmental and public health benefits, costs, construction impacts, implementation timelines, external funding assumptions, and long-term community-level ratepayer obligations associated with each major pathway. Uncommitted external funding should be distinguished from committed funding, and planning materials should make clear how obligations extend beyond the 2050 planning horizon.*

Executive Director Transition

Same Mission, New Moment

The upcoming transition in MWRA leadership is a rare institutional moment. It is the first such transition in approximately 25 years and comes as the Authority moves from a period focused on stabilizing the system, maintaining major completed investments, and sustaining predictable assessments into one characterized by major new capital decisions, long-term obligations, and increased public visibility.

This transition should be understood not as a reset, but as a test of institutional resilience. MWRA's success is rooted in a governance model designed to correct failure, require accountability, and balance technical decision-making with the interests of the communities that fund the system. The expectation for the next Executive Director is to preserve that foundation while helping the Authority adapt to a more complex era.

At its core, the leadership question is not simply who manages the utility. It is who can carry forward a regional governance compact in which major decisions must be evaluated through their impact on rates, communities, long-term affordability, and the cumulative burden placed on local budgets.

In Depth

From Crisis to Maturity

MWRA was created in response to crisis. The failures of the former Metropolitan District Commission and the environmental degradation of Boston Harbor required more than new infrastructure; they required a new governance model capable of delivering accountability, investment, regulatory compliance, and public trust.

That governance model has been one of the Authority's defining strengths. The MWRA Board of Directors was designed to distribute authority rather than concentrate it. The Governor, the Mayor of Boston, and the Advisory Board each hold equal appointment weight, with additional dedicated representation for Quincy and Winthrop tied to the Authority's core wastewater system. That balance is not incidental. It requires collaboration, negotiation, and shared accountability, and it helps ensure that MWRA decisions are made through a regional governance structure rather than from any single institutional vantage point.

Over time, that model worked. MWRA transformed the region's water and wastewater systems, delivered major environmental improvements, restored Boston Harbor, and matured into a stable, high-performing utility. The relationship between MWRA and the Advisory Board also matured, evolving into a structured approach centered on sustainable and predictable assessments — an approach communities now rely on in their own financial planning.

Under the leadership of Executive Director Frederick A. Laskey, MWRA has sustained that model through a long period of operational stability and disciplined financial management. The Authority has demonstrated that it can deliver major projects, maintain a complex system, and manage its finances in a way that is both sustainable and predictable. That performance record did not happen by accident; it reflects a leadership approach that respected the governance model, assembled and sustained a highly capable senior team, and consistently marshaled that expertise to deliver major projects, maintain financial stability, and strengthen public trust.

Leadership for the Next Era

The next phase, however, will ask something different of that same model. MWRA is entering a period in which the central challenge is not recovery from crisis, but decision-making under overlapping long-term pressures. The types of issues outlined throughout this year's Comments & Recommendations — including CSO control, major capital obligations, workforce pressures, regulatory requirements, and cumulative ratepayer burden — are not isolated challenges. They are the operating conditions under which the next Executive Director must lead.

That is why the role should not be viewed through a narrow technical lens. MWRA's strength is its depth of expertise across engineering, operations, finance, legal, administrative, and policy functions — a foundation that has been deliberately built and sustained over time. The next Executive Director must be able to marshal that expertise, integrate it into coherent decision-making, and continue to attract and develop the talent necessary to meet the challenges of the next era.

The communities we serve are not just stakeholders — they are the funders, the customers, and the accountability for every decision MWRA makes. This does not mean that every individual concern determines policy. It means that rate impact, community impact, and local affordability must remain central to how major decisions are evaluated. There is no separate pool of "MWRA money" apart from the ratepayer dollars collected through member communities.

This is where continuity and transition need to work together. MWRA's next Executive Director should respect the traditions that made the Authority successful: disciplined financial management, technical excellence, collaborative governance, and long-term planning. But respect for tradition should not harden into adherence to convention. The next phase will require leadership willing to test new approaches, communicate more proactively, and adapt the Authority's methods to the complexity of the moment.

Communication, Accountability, and the Advisory Board Role

That evolution will be especially important as MWRA enters a period of greater visibility and public attention. Larger projects, longer timelines, and more expensive decisions will require clear communication with communities, policymakers, and the public. MWRA will need to explain not only what it proposes to do, but also why it matters, what it costs, who pays, what tradeoffs are involved, and how those decisions fit within the broader long-term burden facing the system.

The Advisory Board does not select the Executive Director or manage the search process. Its statutory role, however, is to provide the ratepayer perspective on MWRA's budgets, financial proposals, operational procedures, and policy decisions — and few policy decisions will have greater consequence for the Authority's next era than the selection of its next leader. The Board's direct role in that decision rests with its representatives on the MWRA Board of Directors. Its broader responsibility is to speak clearly about what the next era requires: leadership that keeps MWRA decisions sustainable, predictable, and responsible for the communities that fund the system, and accountable to them.

In Conclusion

The Executive Director transition is not a break from MWRA's past. It is an opportunity to carry forward what has worked while ensuring that the Authority remains prepared for what comes next.

MWRA's success was built through crisis, transformation, and maturation. Its next era will be defined by how well that successful model adapts to larger, more visible, and more complex decisions. The task ahead is to carry that model forward by pairing continuity and adaptation: honoring the governance structure and disciplined management that brought the Authority to this point, while evolving the practices needed to sustain public trust.

Continuity and transition are not competing ideas in this moment. They are the balance the next phase requires. The strength of the MWRA model lies in its ability to preserve core principles while adapting to new demands. The next Executive Director must carry that model forward with clarity, accountability, and a consistent focus on the communities and ratepayers who make the system possible.

Comment: *As MWRA undertakes its first Executive Director transition in approximately 25 years, the Advisory Board urges the Authority to treat this moment as an opportunity to reaffirm and carry forward the governance principles that have made the MWRA model successful. Those principles include balanced Board accountability, transparent decision-making, disciplined rate management, strong senior staff expertise, and sustained attention to the communities and ratepayers that fund the system. As the Authority enters a period of larger and more complex decisions, the next phase of leadership should preserve the stability of this model while strengthening MWRA's ability to communicate major investments, evaluate long-term tradeoffs, attract and develop talent, and ensure that decisions remain sustainable, predictable, and responsible for the communities and ratepayers that fund the system.*

Watershed Forest Management

Seeing the Forest for the Data

This year the Advisory Board has shifted its recommendation from prior years that MWRA advocate for DCR-DWSP to facilitate an independent, third-party assessment of the efficacy of its forestry practices on Watershed lands to one where MWRA actively funds and facilitates such an assessment.

Both the Advisory Board and the Water Supply Citizens Advisory Committee (WSCAC) have identified several critical questions regarding DCR-DWSP's forestry practices primarily centering on the erosion of public trust, the technical effectiveness of current management techniques and alignment with state climate goals.

It is time for these questions to be answered by an independent third-party. We propose that MWRA leverages its Interdepartmental Service Agreement (ISA) with the University of Massachusetts (UMass) Amherst to engage a graduate-level researcher to answer these questions and that the Advisory Board and WSCAC collaborate with MWRA planning staff to structure the scope and deliverables of the study.

In Depth

The MWRA's water system is unique in that it relies on a 'forest-filtered' water supply, where the surrounding watershed acts as a living biofilter. This natural infrastructure is the foundation of the Authority's filtration avoidance waiver, an EPA-granted status that allows the system to avoid billion-dollar mechanical filtration plants.

DCR-DWSP actively manages these forests to resist biological and meteorological threats by annually harvesting 1% of the trees on watershed lands with the aim of creating a rotating mosaic of young forest patches. Ancillary management objectives are ecosystem health, biodiversity and climate change mitigation through carbon sequestration and storage.

The Advisory Board has raised concerns in previous fiscal years about mounting public skepticism about the DWSP's goals, absence of any metrics on the progress toward achieving a resilient multi-age and species-rich forest and inability to estimate and thus communicate the carbon balance of the watershed lands and the net effect of its management activities.

The Advisory Board is a member of and works closely with WSCAC, who is singularly focused on assuring it provides informed citizen recommendations on MWRA water-supply programs.

WSCAC has identified questions that will only be satisfactorily answered by an independent review.

We identified academic partners like UMass Amherst as having the technical expertise and public credibility required for this role. MWRA has an existing ISA with UMASS that would allow such a project to move forward without the administrative delays of a new procurement process.

What is called for now is a process that rebuilds and strengthens confidence through independent review. It is time to secure an arms-length, objective interpretation of DWSP’s Continuous Forest Inventory (CFI) data and coupling it with select field studies would directly support last year's recommendation for improved science-based communication about watershed management objectives, techniques and challenges.

The final output should be a comprehensive report and a baseline dataset to be shared with the Water Supply Protection Trust, providing the citizens and ratepayers with a data-driven foundation for the discussion of long-term watershed management decisions.

Recommendation: The Advisory Board recommends that MWRA work with WSCAC and the Advisory Board to translate community questions into an actionable scope of work for a graduate-level UMASS researcher to perform. The Advisory Board offers to facilitate this project by utilizing its established administrative infrastructure to oversee and manage the project's deliverables and fiscal reporting.

Strengthening the 8(m) Notification Process

Can You Dig It? Not Without Notice

Reliable and timely notification of excavation, drilling, and construction activity near MWRA infrastructure is critical to protecting system assets, avoiding service disruptions, and maintaining project schedules. However, recent experience across MWRA communities has highlighted inconsistencies in how and when MWRA is notified of this work.

Following a near-miss incident involving the Dorchester Tunnel in October 2024, the Advisory Board convened an 8(m) Working Group to better understand these challenges and identify practical improvements. The Working Group found that while tools and processes exist, the current notification system is fragmented, inconsistent, and often reliant on individual knowledge rather than standardized procedures.

In Depth

Background and Working Group Formation

On October 9, 2024, geothermal drilling on private property compromised the Dorchester Tunnel, one of MWRA's most critical transmission assets. Due to the depth of the tunnel, it was not included in standard DigSafe notifications. The incident required an immediate and coordinated emergency response by MWRA staff and, while a major disruption was avoided, it underscored the potential consequences of uncoordinated construction activity near critical infrastructure.

This event highlighted a broader challenge. As construction practices evolve, particularly with the expansion of geothermal drilling and other deep excavation activities, existing notification systems have not kept pace. Activities that were once considered low risk now have the potential to impact infrastructure that lies far below typical construction depths.

In response, the Advisory Board convened an 8(m) Working Group consisting of municipal representatives, industry stakeholders, and MWRA staff. The group was tasked with identifying gaps in the current system and evaluating potential improvements at the local, MWRA, and state levels. Its mission focused on improving communication, strengthening notification pathways, and reducing the risk of damage to MWRA infrastructure.

The Advisory Board convened the Working Group not to revisit fault for a single incident, but to identify practical improvements to a notification process that affects MWRA infrastructure, municipal permitting, private construction activity, and ultimately ratepayer risk.

Current Notification Challenges

The Working Group identified several recurring challenges in the existing system. Notification of MWRA is typically handled through phone calls or direct emails to specific staff. While this approach can function effectively in some cases, it varies across communities and depends heavily on institutional knowledge. Contractors and property owners are not always aware of when MWRA should be contacted, particularly for work occurring on private property or for specialized activities such as well drilling that may fall outside traditional permitting triggers.

The process also relies on knowing who to contact within MWRA. Staff turnover, outdated contact information, or simple miscommunication can result in missed notifications. At the same time, phone and email communication does not consistently create a centralized record of requests, making it difficult to verify whether MWRA was contacted or to track response times and outcomes.

Compounding these challenges is the way contractors interpret existing systems. DigSafe is often treated as a comprehensive notification tool, even though MWRA is not a full participant in all communities. This can create a false sense of clearance and lead to situations where MWRA is not contacted at all.

These issues are not limited to administrative inefficiencies. When notification does not occur, the consequences can include project delays, emergency response situations, and increased costs. These impacts could ultimately affect MWRA ratepayers.

Evaluation of Potential Alternatives

The Working Group explored a range of potential approaches to improving notification and coordination. Expansion of DigSafe participation was considered, as broader participation could improve notification and align MWRA more closely with other utilities. However, this approach would require significant staffing and financial resources. Preliminary discussions suggest that full participation could approach $1 million annually and would likely require a dedicated operational structure to manage the volume of notifications.

The group also examined municipal screening tools, noting that some communities have incorporated MWRA awareness into their permitting workflows or use corridor-based maps to prompt contractor coordination. While these approaches are practical and have proven effective in certain communities, they are not applied consistently across the region.

State-level coordination was also discussed, particularly in relation to licensed well drillers and other high-risk activities. While these avenues present opportunities for broader communication, they would require coordination beyond MWRA's direct control. Outreach and education efforts remain important and should continue, but the Working Group found that outreach alone is not sufficient to ensure consistent notification.

Across these discussions, a clear theme emerged. The core issue is not the absence of tools, but the lack of a consistent, accessible, and trackable method for notifying MWRA of relevant work.

Opportunity for Process Modernization

The Working Group identified modernization of the 8(m) intake process as a practical and achievable near-term improvement. The current reliance on phone calls and emails creates variability and limits MWRA's ability to document and track notifications. A centralized, online notification and intake form would provide a single, accessible point of entry for contractors and communities, while also creating a timestamped record of requests and standardizing the information submitted.

Such a system would improve internal routing and response tracking and reduce reliance on individual staff knowledge and informal communication channels. Over time, it could also allow MWRA to better understand the volume and types of requests it receives, helping to inform future operational decisions.

A centralized online form would also create a stronger information base over time. Even a relatively simple intake tool could help MWRA identify the types of projects most likely to require review, where notifications are coming from, how quickly they are routed, and where additional municipal or contractor outreach may be needed. In that sense, modernization is not only about making notification easier; it is about turning scattered communications into information that can be used to manage risk more effectively.

This approach would not replace existing communication methods, but rather strengthen them by introducing

greater consistency, transparency, and documentation. It represents a low-cost and scalable improvement that addresses many of the core challenges identified by the Working Group without requiring major structural changes.

In Conclusion

The challenges associated with 8(m) notification stem from a combination of inconsistent processes, varying levels of awareness, and reliance on informal communication. While larger structural changes, such as expanded DigSafe participation, may warrant further evaluation, the Working Group found that meaningful improvements can be achieved through more immediate and practical steps.

Improving how MWRA is notified of excavation and drilling activity will enhance coordination, reduce risk to critical infrastructure, and support more efficient project delivery across the system.
In the short term, MWRA should continue to clarify points of contact and strengthen communication with municipalities and contractors. In the long term, MWRA should evaluate additional tools, including municipal screening mechanisms, outreach to licensed professionals, and coordination with state-level permitting processes, to ensure reliable and consistent notification of work near MWRA infrastructure.

Recommendation: The Advisory Board recommends that MWRA develop and implement a centralized, publicly accessible online 8(m) notification form by March 31, 2027 for excavation, drilling, and construction activity near MWRA infrastructure. The form should provide a clear point of entry for municipalities, contractors, property owners, and other stakeholders, while improving consistency, documentation, internal routing, response tracking, and MWRA's ability to identify notification patterns over time.

The Advisory Board further recommends that MWRA continue working with the Advisory Board, municipal representatives, and relevant stakeholders as the form is developed and implemented, including evaluation of practical steps to clarify points of contact, strengthen municipal and contractor notification practices, and assess longer-term coordination tools such as municipal screening mechanisms, outreach to licensed professionals, and state-level permitting coordination.

Contract Awards and Market Realities

No Bid Deal?

In Brief

Recent contract awards presented to the Board of Directors highlight a consistent pattern: projects with limited bidder participation, particularly those involving specialized or facility-based work, are more likely to exceed the engineer's estimate. While this can appear as a deviation at the time of award, these outcomes often reflect known constraints, including a limited pool of qualified contractors and differing assumptions regarding project scope.

In that context, a bid above the engineer's estimate should not automatically be read as a procurement failure or estimating error. It may instead reflect the point at which project assumptions meet the available contractor market.

A review of recent contract awards suggests that these outcomes are not isolated, but indicative of broader market conditions that influence how projects are priced and delivered. As MWRA advances larger and more complex capital projects, understanding those conditions will become increasingly important to managing cost, schedule, competition, and long-term affordability.

The next step is to organize these observations into a more useful analytical record. MWRA has extensive information on projects, estimates, bids, and contract awards. Organizing that information into a more consistent historical view could make long-term procurement trends easier to identify and evaluate. A more structured review would allow MWRA and the Advisory Board to better understand where limited competition occurs, how often bids diverge from engineer's estimates, and which project characteristics may affect pricing outcomes.

The purpose would not be to second-guess individual awards, but to use the data already generated through the procurement process to support better planning, clearer Board review, and more informed discussion of future costs.

In Depth

Bid Outcomes and Project Complexity

Contract award data shows clear variation based on project type. Traditional construction projects, such as pipelines or structural work, tend to attract multiple bidders and often come in at or below the engineer's estimate. In contrast, projects requiring specialized expertise or work within active treatment facilities frequently attract fewer bidders and are more likely to exceed estimates, in some cases by a wide margin.

This distinction reflects underlying differences in project complexity, risk, and contractor availability, rather than inconsistencies in the procurement process itself. A higher-than-estimated bid should therefore be evaluated in context. For some projects, the final bid may reflect not only the estimate itself, but the limited number of contractors willing and able to perform the work under current conditions.

That context matters because MWRA's future capital program will increasingly include complex, specialized, and

facility-based work. As those projects advance, bidder participation, scope complexity, and market capacity will become important indicators not only of procurement outcomes, but also of future cost pressure.

A more structured review of historical contract awards would help turn these observations into useful decision data. By comparing bidder participation, engineer's estimates, final bid results, project types, and scope characteristics over time, MWRA and the Advisory Board can better understand where estimate variance is most likely to occur and where additional context or planning adjustments may be useful.

Top 10 Largest Increases Over Engineer's Estimate

Based on Recent MWRA Contract Awards

Data as of 3/18/2026

RANK	STAFF SUMMARY DATE	PROJECT	ENGINEER'S ESTIMATE	RECOMMENDED BID	VARIANCE ($)	VARIANCE (%)	WINNING BIDDER	TOTAL BIDDERS
1	2/12/2025	Deer Island Treatment Plant HVAC Control System, Equipment and Fume Hood Replacement (Contract 7110)	$3,993,938	$8,274,489	$4,280,551	107.2%	Mott MacDonald, LLC	1
2	3/18/2026	Cryogenic Oxygen Generation Facility Compressor Services	$4,800,000	$8,667,000	$3,867,000	80.6%	WES Construction Corp.	2
3	3/13/2024	Thermal Plant, Hydro Power and Wind Turbine Maintenance, Deer Island Treatment Plant, Contract OP-464	$8,603,958	$13,590,197	$4,986,239	58.0%	O'Connor Corporation	1
4	3/18/2026	Somerville Marginal Combined Sewer Overflow Facility Rehabilitation Design, Engineering Services During Construction and Resident Engineering and Inspection Services	$6,404,496.55	$9,795,358.16	$3,390,861.61	52.9%	HDR Engineering, Inc.	2
5	12/13/2023	Combustion Turbine Generator Maintenance, Deer Island Treatment Plant (Contract S616)	$3,737,000	$5,670,334	$1,933,334	51.7%	O'Connor Corporation	1
6	6/26/2024	West Roxbury Tunnel Inspection, Sections 637 & 637A (Contract 6898)	$1,156,335	$1,656,930	$500,595	43.3%	Black Dog Divers, Inc.	2
7	12/10/2025	Shaft L Interconnection Design, Engineering Services During Construction, and Resident Engineering Services: Contract 8080)	$2,270,000	$2,986,210	$716,210	31.6%	Jacobs Associates d/b/a Delve Underground	1
8	3/18/2026	Siphon and Junction Structure Rehabilitation	$7,389,941	$9,682,000	$2,292,059	31.0%	National Water Main Cleaning Company – New England	3
9	10/23/2024	Metropolitan Water Tunnel Program, Final Design Engineering Services, Contract 7556	$77,800,000	$93,605,158	$15,805,158	20.3%	WSP USA Inc.	3
10	7/24/2024	Design, Engineering Services During Construction and Resident Engineering Services for Cottage Farm CSO Facility PCB Abatement, Contract 7392	$3,123,842	$3,757,000	$633,158	20.3%	Weston & Sampson Engineers, Inc.	2

Higher percentages indicate recommended bids that are greater than the engineer's estimate.

Analysis includes 35 recent MWRA contract awards.
Excludes items without an engineer's estimate.

From Estimate to Bid

Differences between engineer's estimates and final bids often reflect changes that occur earlier in the project lifecycle. Initial estimates developed during planning are refined as design advances and project scope becomes better defined. By the time a contract reaches the Board, the engineer's estimate has already incorporated updated assumptions, but may still differ from how contractors ultimately price the work under current market conditions.

As a result, the final bid represents both real-time market factors and the cumulative effect of earlier adjustments in scope and design.

Understanding that distinction is important when interpreting contract awards. A bid above estimate may warrant additional context, particularly where bidder participation is limited or the work involves specialized facilities, but it should not be evaluated in isolation from the project conditions that shaped the final price.

A structured review of historical contract awards would help provide that context more consistently. Looking across projects over time would allow MWRA and the Advisory Board to better understand whether differences between estimates and bids reflect isolated project circumstances or recurring patterns that should inform future procurement planning and Board review.

Implications for Future Projects

The relationship between bidder participation and cost outcomes is particularly relevant as MWRA advances larger and more complex capital projects. Where competition is limited, variability between estimates and bids may become more pronounced, especially for specialized facility work.

Understanding these dynamics will be important for interpreting future contract awards and for assessing how project costs evolve over time. In a period of expanding capital needs, limited competition is not only a procurement concern; it can influence the long-term cost of the capital program and the assessments ultimately paid by member communities.

Providing that context at the time of Board review would support clearer understanding of project costs and more informed discussion of cost, schedule, competition, and affordability.

Additional background and examples of recent contract award trends are discussed in a recent Advisory Board blog post here.

In Conclusion

Contract award outcomes reflect the point at which planning assumptions meet real market conditions. While differences between engineer's estimates and final bids may draw attention at the time of award, they often reflect a combination of evolving project scope, contractor availability, and market constraints.

As MWRA advances larger and more complex capital investments, these dynamics may become more pronounced, particularly for projects with limited competition.

Limited competition is not only a procurement concern; it can influence the long-term cost of the capital program and the assessments ultimately paid by member communities.

A clearer historical view of procurement trends would help MWRA and the Advisory Board better understand where market pressures are most acute, how they affect project delivery, and what additional context may be useful at the time of Board review. The more consistently these patterns are measured, the more effectively they can inform future procurement planning, capital-cost understanding, and long-term affordability discussions.

Recommendation: The Advisory Board recommends that MWRA staff work with Advisory Board staff to review historical procurement and contract award trends, with particular attention to bidder participation, engineer's estimates, final bid results, project type, scope complexity, timing, market conditions, and related contract award information.

This review should help identify patterns that can inform future procurement planning, improve understanding of bid outcomes, and support clearer communication at the time of Board review. The goal is not to revisit individual award decisions, but to use information already generated through the procurement process to better understand how market conditions, project complexity, bidder availability, and estimate development interact over time.

A clearer historical record of these trends would help MWRA, the Advisory Board, and member communities distinguish isolated deviations from broader procurement patterns that may affect future costs, schedules, and long-term affordability.

Mass Ready Act, Quabbin PILOT Payments, and MWRA Governance

Fairness Through Process. Not Precedent

In Brief

The Advisory Board recognizes the historical and ongoing significance of the Quabbin watershed communities. The creation and protection of the Quabbin Reservoir imposed real and lasting consequences on the communities in and around the watershed, including land-use restrictions, municipal tax-base impacts, and a permanent relationship to one of the Commonwealth's most important public water supplies. Concerns about fairness to those communities deserve to be heard and evaluated seriously.

That is precisely why the Commonwealth's newly established Commission on Payments in Lieu of Taxes for State-Owned Land matters. Governor Healey created the Commission by Executive Order on August 13, 2025, to advise on potential reforms to the state-owned land PILOT program. The Commission's charge includes attention to geographic equity, fiscal sustainability, operational feasibility, and alignment with the Commonwealth's land conservation, biodiversity, and climate goals.

The Mass Ready Act arrives in the middle of that process. As advanced in the Senate through SB3064, the bill combines three Quabbin-related provisions: creation of a Quabbin Host Community Trust Fund, direct MWRA-funded payments to Quabbin watershed communities, and a new Quabbin-related seat on the MWRA Board of Directors.

The concern here is not the goal of fairness. The concern is the mechanism: assigning new obligations to MWRA ratepayers and altering MWRA governance before the Commission has completed its review. Even where payments are drafted as temporary, the broader precedent remains. A sunset clause may limit the duration of a payment, but it does not eliminate the precedent created by assigning a new category of obligation to MWRA ratepayers outside the established PILOT structure.

In a ratepayer-funded utility, the question is not only whether a cost can be absorbed in a given year. It is whether the cost belongs in the utility rate base at all — and whether the governance structure of the Authority should be changed piecemeal while the Commonwealth is still reviewing the underlying compensation issue.

In Depth

Fairness Belongs in the Commission Process

The history of the Quabbin Reservoir should not be reduced to a budget line. The reservoir exists because communities and landowners bore extraordinary burdens for the benefit of the Commonwealth and the region's water supply. Those impacts remain part of the civic and fiscal reality of the watershed communities.

At the same time, fairness requires more than recognition. It requires a process capable of answering the core questions: what is owed, why it is owed, who should pay, how payments should be calculated, and whether similarly situated communities should be treated consistently.

That is the purpose of the PILOT Commission. The Commission is a formal statewide process created to advise the Governor on potential reforms to how municipalities are compensated for state-owned land. Its objectives include analyzing the history and structure of the state-owned land PILOT program, assessing the impact of state land

ownership on host communities, evaluating policy adjustments, identifying tradeoffs among fiscal cost, land-use goals, administrative complexity, and equity, and developing short- and long-term recommendations.

SB3064 moves in advance of that review. In addition to direct MWRA-funded payments and a proposed change to MWRA Board composition, the bill would create a Quabbin Host Community Trust Fund administered by the Secretary of Energy and Environmental Affairs. The fund would support services, public safety, and development of municipalities within the Quabbin Reservoir watershed, and could receive appropriations, other legislatively designated money, public and private funds, gifts, grants, donations, rebates, settlements, and interest.

That trust fund may be a legitimate subject for statewide policy discussion. But its creation, combined with direct MWRA payments and governance changes, underscores why the Commission process should come first. If the Commonwealth is reviewing how municipalities should be compensated for public land obligations, then legislation should not predetermine one outcome by assigning new payments to MWRA ratepayers before that review is complete.

The question is not whether Quabbin communities deserve a fair process. They do. The question is whether the Legislature should prejudge that process by creating MWRA-specific payments and governance changes before the Commission has completed its work.

MWRA Ratepayers Already Fund a Robust Watershed PILOT Framework

The MWRA ratepayers already fund watershed PILOT payments as part of the water supply protection framework. These payments are incorporated into the MWRA water budget and supported through assessments paid by member communities. They are not discretionary gestures; they are part of the established cost structure for protecting the water supply.

That existing framework is substantial. MWRA currently pays 100% of the highest tax classification in each community, and the amount cannot decrease from the prior year. Since its creation in 1985, MWRA has paid more than $200 million in PILOT payments to watershed communities. MWRA has also paid for the preservation of an additional 28,710 acres of watershed land since 1985, at a cost of approximately $146 million.

The Quabbin framework also includes a distinct annexed-lands payment. Four towns — Dana, Enfield, Greenwich, and Prescott — were lost through the creation of the Quabbin Reservoir, and their lands were annexed to surrounding communities. The existing watershed PILOT structure includes additional payments associated with those former disincorporated Quabbin lands.

That context matters. MWRA's watershed PILOT approach is not an underfunded discretionary program. It is funded by ratepayers, paid through the water budget, calculated using highly favorable tax-rate treatment, protected by hold-harmless treatment, paid in full, and supplemented in certain Quabbin communities by annexed-lands payments. A statewide review may well show that MWRA ratepayers already support one of the Commonwealth's more reliable and favorable PILOT structures.

The Advisory Board welcomes that review. MWRA should welcome the opportunity to explain to the Commission how the current watershed PILOT framework works, how it is funded, and how it compares to the Commonwealth's broader state-owned land PILOT program. If the Commonwealth is going to evaluate fairness across public land obligations, it should do so with full visibility into what MWRA ratepayers already fund.

The Payment Structure Matters

As the Advisory Board has noted elsewhere in this document, there is no separate pool of "MWRA money." There is only ratepayer money collected from member communities and ultimately paid by households and businesses through local water and sewer rates.

SB3064's direct payment provision would therefore not simply "send MWRA funds" to Quabbin communities; it would require member communities and ratepayers to fund an additional obligation created outside the existing watershed PILOT methodology.

Specifically, SB3064 would require MWRA to make annual $50,000 payments in FY2027 and FY2028 to 13 Quabbin watershed communities: Athol, Barre, Belchertown, Hardwick, Ludlow, New Salem, Orange, Pelham, Petersham, Phillipston, Shutesbury, Ware, and Wendell.

That reality does not mean MWRA should never fund watershed-related obligations. It already does, and the Advisory Board has consistently recognized that watershed protection is fundamental to the water supply system. But it does mean that costs assigned to MWRA must be tied to the system, justified through an established framework, and transparent about who pays.

The proposed Mass Ready Act payments are different from the established watershed PILOT framework. They would not result from a revised PILOT methodology, a completed Commission review, or a documented change in MWRA's operational responsibilities. They would create an additional payment obligation placed directly on MWRA ratepayers while the Commonwealth's own review process is still underway.

The concern is not that the Commonwealth is considering additional support for host communities. The concern is assigning that support to MWRA ratepayers outside the established PILOT structure and before the Commission has completed its review.

A Sunset Does Not Erase the Precedent

The temporary nature of the proposed payments does not resolve the concern. SB3064 limits the direct MWRA payment requirement to FY2027 and FY2028, but the short duration of the payment does not eliminate the governance precedent.

Once the Legislature establishes that MWRA ratepayers can be assigned additional host-community payments outside the PILOT framework, future proposals can build from that starting point. The amount can change. The duration can change. The list of eligible communities can change. The rationale can expand.

That is especially important here because SB3064 does not only create a two-year payment. It also creates a Quabbin Host Community Trust Fund and adds a new Quabbin-related seat to the MWRA Board. Taken together, those provisions move beyond a temporary fiscal accommodation and toward a new structure for Quabbin-related claims on MWRA's finances and governance.

In a ratepayer-funded utility, the first question cannot be only whether a cost is affordable in a given year. It must also be whether the cost belongs in the utility rate base at all.

This distinction is especially important in the PFY27 context. The MWRA system is entering a period of overlapping obligations: capital pressure, aging assets, regulatory uncertainty, workforce needs, pension and OPEB responsibilities, watershed protection, and long-term affordability concerns. A small payment may look manageable in isolation. But the Advisory Board's broader ratepayer lens asks how individual obligations accumulate, what precedent they create, and whether they are being assigned to the right funding source for the right reasons.

Governance Should Not Be Rebalanced Piecemeal

The same caution applies to SB3064's proposed change to MWRA's Board of Directors. The Advisory Board has emphasized elsewhere in these Comments and Recommendations that MWRA's governance structure was deliberately designed to balance appointing authorities and perspectives. That balance is not incidental. It has helped the Authority function as a regional public utility whose major decisions require collaboration across state,

local, and ratepayer perspectives.

SB3064 would amend the MWRA enabling act to add a Governor-appointed Board member who must be a resident of a Quabbin Reservoir watershed community and who represents land and water resources protection and host-community interests. That proposal should be evaluated for what it is: not simply an added voice in a policy discussion, but a structural change to the governance model of a ratepayer-funded public utility.

The existing Board structure already includes regional representation beyond the metropolitan service area, including the Governor's Connecticut River Basin seat. That seat is not Quabbin-specific, and it should not be described as such. But it is a meaningful example of the Legislature already building watershed-region and water-resources representation into the Board's balanced structure.

That balance should not be altered piecemeal through the Mass Ready Act while the Commonwealth is simultaneously reviewing host-community compensation through the PILOT Commission. If the issue is host-community compensation, the Commission process is the appropriate venue. If the issue is MWRA governance, that question should be evaluated directly, transparently, and with careful attention to the balance that has supported the Authority's success.

The Advisory Board does not dismiss the desire of Quabbin-area communities to be heard. They should be heard. But adding Board seats is not the same as evaluating fair compensation. It changes the governance structure of a ratepayer-funded utility whose Board was intentionally constructed to require collaboration among multiple appointing authorities and constituencies.

Governance is part of the MWRA model. It should be treated with the same discipline as financial policy: changes should be justified, transparent, and evaluated for their long-term implications.

Ratepayer Accountability and the Path Forward

The Advisory Board's position is therefore not opposition to fairness. It is support for fairness through the right process.

The Commonwealth has created a Commission to review PILOT policy. That Commission should be allowed to complete its work before the Legislature creates new MWRA-specific payments, establishes new structures for Quabbin-related claims on MWRA ratepayers, or alters MWRA governance in response to the same underlying concerns.

That approach is better for everyone involved. It gives Quabbin communities a formal process to make their case. It gives the Commonwealth a statewide framework for evaluating similar concerns. It gives MWRA and its ratepayers confidence that any resulting obligations are grounded in a clear methodology rather than a one-off legislative assignment.

It also protects the integrity of the rate-setting model. The Advisory Board's standard in this year's review is not simply whether costs can be absorbed. It is whether decisions are sustainable, predictable, and responsible. That means asking whether costs are properly assigned, whether process comes before outcome, and whether short-term legislative action creates long-term governance consequences.

In Conclusion

The Quabbin watershed communities deserve a fair hearing. Their history and continuing relationship to the Commonwealth's water supply warrant serious consideration. The creation and seating of the PILOT Commission provide the right venue for that consideration.

The Advisory Board urges policymakers not to prejudge that work. SB3064 would create a Quabbin Host Community Trust Fund, require new MWRA-funded payments to 13 Quabbin watershed communities in FY2027 and FY2028, and alter the MWRA Board by adding a Quabbin-related seat. Taken together, those provisions would move ahead of the Commission process while assigning new financial and governance consequences to MWRA ratepayers.

The goal should be fairness through process, not precedent-setting cost shifting. A consistent statewide framework can recognize host-community concerns while preserving the governance and rate-setting principles that have made the MWRA model work.

Comment: *The Advisory Board urges MWRA to work with the Advisory Board in supporting the PILOT Commission's statewide review of host-community compensation and to clearly explain the existing watershed PILOT framework as part of that process. MWRA should emphasize that watershed PILOT payments are already funded by ratepayers through the water budget, calculated using local commercial tax rates, protected by hold-harmless treatment, paid in full, and supplemented in certain Quabbin communities by annexed-lands payments.*

Comment: *The Advisory Board urges MWRA to join the Advisory Board in opposing Mass Ready Act provisions that would assign new MWRA-funded payments to Quabbin communities before the PILOT Commission has completed its work, including payments drafted as temporary or subject to sunset. Any change to host-community compensation should be evaluated through the Commission process and grounded in a consistent statewide framework before new obligations are assigned to MWRA ratepayers.*

Comment: *The Advisory Board urges MWRA to oppose the proposed addition of a Quabbin-related seat to the MWRA Board of Directors and any other piecemeal changes to the Authority's governance structure tied to Quabbin-related compensation concerns. Changes to MWRA governance should be evaluated directly, transparently, and with careful attention to the balanced structure that has supported the Authority's success.*

Conclusion

Balancing long-term investment with long-term responsibility

The MWRA's Proposed Fiscal Year 2027 budget reflects a system that remains stable, disciplined, and operationally strong. That should not be overlooked. In an era when public infrastructure systems across the country are facing rising costs, aging assets, and increasing regulatory complexity, MWRA's ability to maintain measured assessment growth is a meaningful achievement.

But stability is not self-executing. It is the result of choices made over time: disciplined financial management, sustained investment, transparent review, and the ongoing collaboration between MWRA, the Advisory Board, and the communities that fund the system. The framework that emerged from that work — one centered on sustainable and predictable assessments — has served the region well. It has helped member communities plan, helped the Authority manage long-term obligations, and helped preserve confidence in a system that carries extraordinary public responsibility.

The central question raised by this year's Comments and Recommendations is not whether that framework has worked. It has. The question is whether it is sufficient, on its own, for the era now taking shape. The pressures facing the system are increasingly cumulative: capital needs, CSO mandates and obligations, workforce challenges, pension and OPEB commitments, PFAS and other regulatory uncertainties, watershed obligations, market constraints, and climate-related demands. Each may be understandable, justified, or manageable in isolation. Together, they require a fuller view of affordability, responsibility, and long-term impact.

That broader view runs through the Advisory Board's review this year. It informs the recommendation to modestly reduce the Fiscal Year 2027 Rate Revenue Requirement while recognizing MWRA's overall budget discipline. It supports the recognition that people are part of the system's operating capacity, while compensation and staffing decisions must still be implemented with judgment. And it guides the Advisory Board's approach to CSO obligations, contract awards, 8(m) notification, watershed policy, and personnel assumptions — each of which must be evaluated not only by its individual purpose, but by what it obligates, who pays, when they pay, and what else it affects over time.

That is the deeper purpose of the Advisory Board's budget review. The Advisory Board was created alongside the MWRA, and its role has grown up with the Authority itself. What began as a statutory responsibility to review and comment on operating and capital budgets has, over time, become a central forum for testing how budget assumptions, policy choices, operating practices, and governance decisions translate into community impact. The review is not measured only by the size of a recommended rate adjustment. It is measured by whether the budget record is clear, whether assumptions are realistic, whether costs are assigned for the right reasons, and whether communities can understand the decisions that will flow into their assessments.

That is why even technical issues deserve attention. Spring Revisits, recurring personnel underspending, and the use of surplus funds may appear narrow in isolation. But each raises a broader question about how the budget communicates with the communities that rely on it. What changed? Why did it change? Was the cost collected for the purpose described? If those dollars are ultimately used differently, was that

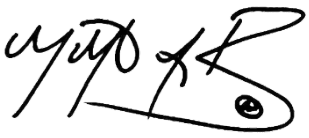
use responsible, transparent, and consistent with the framework communities were asked to support? These are not side questions. They are part of the governance discipline that has helped the MWRA model earn trust over time.

That is why governance and process matter. They are not procedural abstractions; they are part of how affordability is protected and public confidence is maintained. MWRA's success has depended not only on technical expertise and financial management, but on a governance model that requires collaboration, preserves balanced oversight, and keeps the ratepayer perspective inside the decision-making structure. There is no separate pool of MWRA money. There is only ratepayer money collected from member communities, and every obligation assigned to the Authority ultimately flows back to households, businesses, and local budgets.

The Advisory Board's role is not to resist necessary investment in infrastructure, workforce capacity, and environmental performance in blind pursuit of lower rates, nor is it to second-guess MWRA's mission. The region's water and wastewater systems require continued investment, skilled personnel, environmental commitment, and long-term planning. The Advisory Board's responsibility is to help ensure that those decisions remain tied to the principles that have guided the system's success: costs should be justified, properly assigned, transparent, realistic, and responsible in context.

Fiscal Year 2027 is best understood as a transition year. It does not signal immediate disruption, but it does make clear that the next era will require more than continuing familiar practices by habit. The discipline that made the MWRA model successful must now be applied with a wider view of cumulative burden, long-term affordability, governance, and cost assignment. The Advisory Board remains committed to working with MWRA in that spirit: preserving what has worked, identifying where the framework must evolve, and ensuring that future decisions remain sustainable, predictable, and responsible for — and to — the communities that fund the system.

Matthew A. Romero
Executive Direct



Appendix A

List of Recommendations

1. The Advisory Board recommends reducing the FY27 Rate Revenue Requirement by $4,332,350, resulting in a combined wholesale assessment increase of 2.50%. The detailed water, sewer, and combined calculations supporting this recommendation are included in Appendix C: Dunphy Sheet.

2. As a matter of budget practice, the Advisory Board recommends that MWRA preserve the long-standing expectation that final assessments remain at or below proposed assessments unless a post-proposal increase is clearly explained and available for review before final adoption. Where MWRA identifies a known, uncertain, and potentially material cost, the Advisory Board further recommends that the proposed budget clearly reflect that exposure rather than relying on Spring Revisits to increase the funding assumption later in the process. Spring Revisits should continue to refine the budget, not redefine the budget.

3. The Advisory Board recommends applying an additional vacancy rate of adjustment equal to 48 FTEs.

4. The Advisory Board recommends allocating the 48-FTE adjustment by reducing the water-side Wages and Salaries budget by $1.72 million, equivalent to 15 FTEs, and the sewer-side Wages and Salaries budget by $3.8 million, equivalent to 33 FTEs.

5. The Advisory Board recommends reducing Fringe Benefits by $1.104 million as part of the overall vacancy adjustment, including $345,000 on the water side and $759,000 on the sewer side.

6. The Advisory Board recommends removing the landfill-related cost assumption included within Sludge Pelletization, including the approximately $2.2 million increase on the sewer side incorporated in the Draft Final FY27 budget and the approximately $2.38 million in landfill-related costs embedded in the Proposed Budget. Given the ongoing uncertainty surrounding PFAS-related disposal requirements, the Advisory Board believes that any additional costs related to landfill disposal can be absorbed within the MWRA's CEB.

7. The Advisory Board recommends that MWRA establish a formal pension funding policy before full funding is achieved in 2030. The policy should address target funding levels above 100%, treatment of future gains and losses, contribution stability, and the use of any funded-position buffer to reduce the risk of returning to an underfunded position while maintaining transparency around ratepayer impacts.

8. The Advisory Board recommends that MWRA establish a formal OPEB trust utilization policy before trust assets are used to offset retiree healthcare costs. The policy should address target funding levels, conditions for drawing on trust assets, use of any funded-position buffer, treatment of investment gains and losses, and how future trust use will be reflected in the Current Expense Budget and long-term rate planning.

9. The Advisory Board recommends that MWRA conduct a thorough assessment of Deer Island Asset Protection needs within the FY29-33 and FY34-38 capital spending cap periods in order to model the anticipated debt service impacts of Deer Island Asset Protection, the Metropolitan Tunnel Redundancy project, and CSO LTCP projects, in coordination with the work of the Long-Term Rates Management Working Group.

10. The Advisory Board recommends that MWRA work with WSCAC and the Advisory Board to translate community questions into an actionable scope of work for a graduate-level UMASS researcher to perform. The Advisory Board offers to facilitate this project by utilizing its established administrative infrastructure to oversee and

manage the project's deliverables and fiscal reporting.

11. The Advisory Board recommends that MWRA develop and implement a centralized, publicly accessible online 8(m) notification form by March 31, 2027 for excavation, drilling, and construction activity near MWRA infrastructure. The form should provide a clear point of entry for municipalities, contractors, property owners, and other stakeholders, while improving consistency, documentation, internal routing, response tracking, and MWRA's ability to identify notification patterns over time. The Advisory Board further recommends that MWRA continue working with the Advisory Board, municipal representatives, and relevant stakeholders as the form is developed and implemented, including evaluation of practical steps to clarify points of contact, strengthen municipal and contractor notification practices, and assess longer-term coordination tools such as municipal screening mechanisms, outreach to licensed professionals, and state-level permitting coordination.

12. The Advisory Board recommends that MWRA staff work with Advisory Board staff to review historical procurement and contract award trends, with particular attention to bidder participation, engineer's estimates, final bid results, project type, scope complexity, timing, market conditions, and related contract award information. This review should help identify patterns that can inform future procurement planning, improve understanding of bid outcomes, and support clearer communication at the time of Board review. The goal is not to revisit individual award decisions, but to use information already generated through the procurement process to better understand how market conditions, project complexity, bidder availability, and estimate development interact over time. A clearer historical record of these trends would help MWRA, the Advisory Board, and member communities distinguish isolated deviations from broader procurement patterns that may affect future costs, schedules, and long-term affordability.

Appendix B

List of Comments

1. As structural vacancies persist, future discussion need to address whether long-unfilled positions should be reclassified, consolidated, or removed altogether to improve budget transparency and align workforce planning with operational priorities.

2. The Advisory Board supports MWRA's use of a structured non-union compensation study to evaluate market competitiveness, benefits, job descriptions, and internal compensation structure. As MWRA considers any resulting changes, the Authority should clearly distinguish between study findings and implementation decisions; document the recruitment, retention, salary collision, internal equity, and operational rationale for proposed adjustments; and phase or structure implementation where appropriate. Compensation changes should be evaluated in the context of actual staffing patterns and real spending behavior, and should be communicated to ratepayers as part of a sustainable, predictable, and responsible workforce strategy.

3. The Advisory Board supports continued pursuit of CSO reductions and cleaner rivers. As the Draft Updated CSO Control Plan advances through public review, MWRA should clearly document the expected environmental and public health benefits, costs, construction impacts, implementation timelines, external funding assumptions, and long-term community-level ratepayer obligations associated with each major pathway. Uncommitted external funding should be distinguished from committed funding, and planning materials should make clear how obligations extend beyond the 2050 planning horizon.

4. The Advisory Board urges MWRA to work with the Advisory Board in supporting the PILOT Commission's statewide review of host-community compensation and to clearly explain the existing watershed PILOT framework as part of that process. MWRA should emphasize that watershed PILOT payments are already funded by ratepayers through the water budget, calculated using local commercial tax rates, protected by hold-harmless treatment, paid in full, and supplemented in certain Quabbin communities by annexed-lands payments.

5. The Advisory Board urges MWRA to join the Advisory Board in opposing Mass Ready Act provisions that would assign new MWRA-funded payments to Quabbin communities before the PILOT Commission has completed its work, including payments drafted as temporary or subject to sunset. Any change to host-community compensation should be evaluated through the Commission process and grounded in a consistent statewide framework before new obligations are assigned to MWRA ratepayers.

6. The Advisory Board urges MWRA to oppose the proposed addition of a Quabbin-related seat to the MWRA Board of Directors and any other piecemeal changes to the Authority's governance structure tied to Quabbin-related compensation concerns. Changes to MWRA governance should be evaluated directly, transparently, and with careful attention to the balanced structure that has supported the Authority's success.

7. As MWRA undertakes its first Executive Director transition in approximately 25 years, the Advisory Board urges the Authority to treat this moment as an opportunity to reaffirm and carry forward the governance principles that have made the MWRA model successful. Those principles include balanced Board accountability, transparent decision-making, disciplined rate management, strong senior staff expertise, and sustained attention to the communities and ratepayers that fund the system. As the Authority enters a period of larger and more complex decisions, the next phase of leadership should preserve the stability of this model while

strengthening MWRA's ability to communicate major investments, evaluate long-term tradeoffs, attract and develop talent, and ensure that decisions remain sustainable, predictable, and responsible for the communities and ratepayers that fund the system.

8. The Advisory Board expects MWRA to update its Personnel expenses in the final budget to reflect a $222,649 increase on the Sewer side and a $(36,134) decrease on the Water side for Wages & Salaries, resulting in a net increase of $186,515; a $2,961 increase on the Sewer side and $39 increase on the Water side for Overtime, resulting in a net increase of $3,000; and a $(861,794) decrease on the Sewer side and a $(521,387) decrease on the Water side for Fringe Benefits, resulting in a net decrease of $(1,383,181).

9. The Advisory Board expects MWRA to update its Chemicals budget to reflect Spring Revisit adjustments, including a $207,733 decrease on the Sewer side, a $272,682 decrease on the Water side, and a $480,415 net decrease Authority-wide.

10. The Advisory Board expects MWRA to update its Energy & Utilities budget to reflect Spring Revisit adjustments, including a $(28,450) decrease on the Sewer side, an $18,056 increase on the Water side, and a $(10,393) net decrease Authority-wide.

11. The Advisory Board expects MWRA to update its maintenance expenses in the final budget to reflect a $3.99 million increase for Sewer Maintenance, a $2.27 million increase for Water Maintenance, and a $6.26 million net increase for Maintenance overall.

12. The Advisory Board expects MWRA to update its Training and Meetings budget to reflect Spring Revisit adjustments, including a $4,418 increase on the Sewer side, a $584 increase on the Water side, and a $5,002 net increase Authority-wide.

13. The Advisory Board expects MWRA to update its Professional Services budget to reflect Spring Revisit adjustments, including a $273,099 increase on the Sewer side, a $376,901 increase on the Water side, and a $650,000 net increase Authority-wide.

14. The Advisory Board expects MWRA to update its Other Materials budget to reflect Spring Revisit adjustments, including a $97,759 increase on the Sewer side, a $27,545 increase on the Water side, and a $125,304 net increase Authority-wide.

15. The Advisory Board expects MWRA to update its Other Services budget to reflect Spring Revisit adjustments, including a $2,196,442 increase on the Sewer side, a $(68,018) decrease on the Water side, and a $2,128,424 net increase Authority-wide.

Appendix C

The Dunphy Sheet

Combined Water & Sewer Utility

IMPACTS ON RATE REVENUE REQUIREMENT	Water	Sewer	Combined
Final FY2026 RRR	$ 323,597,942	$ 555,163,059	$ 878,761,000
Proposed FY2027 RRR	$ 336,338,000	$ 568,726,000	$ 905,064,000
MWRA Proposed FY27 RRR Increase	**3.94%**	**2.44%**	**2.99%**
	0.00%	0.00%	0.00%
AB Recommendations	$ (325,643)	$ (4,006,707)	$ (4,332,350)
FY2027 RRR, less changes	$ 336,012,357	$ 564,719,293	$ 900,731,650
Advisory Board Recommended FY27 RRR Increase	**3.84%**	**1.72%**	**2.50%**

IMPACTS ON EXPENDITURES		
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY27 CEB		
	Water	Sewer
Staffing (vacancy rate assumptions)	$ (1,725,000)	$ (3,795,000)
Fringe benefits	$ (345,000)	$ (759,000)
Rate stabilization funds	$ -	
Advisory Board budget reduction	$ -	$ -
Subtotal AB Recommendations	**$ (2,070,000)**	**$ (4,554,000)**
ANTICIPATED ADJUSTMENTS TO PROPOSED FY27 CEB		
Direct & Indirect Cost Changes		
	Water	Sewer
Wages & Salaries	$ (36,134)	$ 222,649
Overtime	$ 39	$ 2,961
Fringe Benefits	$ (521,387)	$ (861,794)
Workers Comp	$ (8,232)	$ 8,232
Chemicals	$ (272,682)	$ (207,733)
Energy & Utilities	$ 18,056	$ (28,450)
Maintenance	$ 2,274,205	$ 3,990,456
Training and Meetings	$ 584	$ 4,418
Professoinal Services	$ 376,901	$ 273,099
Other Materials	$ 27,545	$ 97,759
Other Services	$ (68,018)	$ 2,196,442
	$ -	$ -
	$ -	$ -
	$ -	$ -
Subtotal of Changes to Operating Costs	**$ 1,790,877**	**$ 5,698,039**
Revenue & Income		
Water Spring Revisits	$ -	
Sewer Spring Revisits	$ -	
Subtotal of Rate & Revenue	**$ -**	
OPERATING RESERVE REQUIREMENT ADJUSTMENT **Updated based on applicable adjustments; applies only to direct and indirect costs**		
Operating Reserve Requirement	$ (46,520)	$ (572,387)
NET CHANGES TO PROPOSED FY27 CEB	**$ (325,643)**	**$ (4,006,707)**

Combined Water & Sewer Utility

IMPACTS ON RATE REVENUE REQUIREMENT		Amount
Final FY2026 RRR	$	878,761,000
Proposed FY2027 RRR	$	905,064,000
MWRA Proposed FY27 RRR Increase		**2.99%**
AB Recommendations	$	(4,332,350)
FY2027 RRR, less changes	$	900,731,650
Advisory Board Recommended FY27 RRR Increase		**2.50%**

IMPACTS ON EXPENDITURES	Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY27 CEB		
water	$ (2,070,000)	
sewer	$ (9,132,360)	
Debt Service Assistance		
Subtotal AB Recommendations	**$ (11,202,360)**	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY27 CEB		
Direct & Indirect Cost Changes		
Water Spring Revisits	$ 1,790,877	
Sewer Spring Revisits	$ 5,698,039	
Subtotal of Changes to Operating Costs	**$ 7,488,917**	
Revenue & Income		
Water Spring Revisits	$ -	
Sewer Spring Revisits	$ -	
Subtotal of Rate & Revenue	**$ -**	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	$ (618,907)	*Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)*
NET CHANGES TO PROPOSED FY27 CEB	**$ (4,332,350)**	

The Dunphy Sheet

Sewer Utility

IMPACTS ON RATE REVENUE REQUIREMENT		Amount
Final FY2026 RRR	$	555,163,059
Proposed FY2027 RRR	$	568,726,000
MWRA Proposed FY27 RRR Increase		**2.44%**
AB Recommendations	$	(4,006,707)
FY2026 RRR, less changes	$	564,719,293
Advisory Board Recommended FY27 RRR Increase		**1.72%**

IMPACTS ON EXPENDITURES		Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY27 CEB			
Staffing (vacancy rate assumptions)	$	(3,795,000)	@$115K/FTE (salary only)
Fringe benefits	$	(759,000)	MWRA doesn't include fringe benefits reduction as part of vacancy rate.
Sludge Pelletization landfill costs	$	(4,578,360)	
Advisory Board budget reduction			
Subtotal AB Recommendations	**$**	**(9,132,360)**	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY27 CEB			
Direct & Indirect Cost Changes			
Wages & Salaries	$	222,649	*No change to FTE count; increase reflects miscellaneous salary adjustments.*
Overtime	$	2,961	*Minor increase based on anticipated FY27 overtime usage.*
Fringe Benefits	$	(861,794)	*Decrease driven by lower health insurance costs based on updated GIC rates.*
Workers Comp	$	8,232	*No material change from proposed budget.*
Chemicals	$	(207,733)	*Decrease driven by lower Sodium Hypochlorite pricing and reduced Sodium Bisulfite usage.*
Energy & Utilities	$	(28,450)	*Net decrease due to lower electricity costs, partially offset by higher diesel and natural gas pricing.*
Maintenance	$	3,990,456	*Increase driven by higher Field Operations costs and updated project cost estimates and schedules.*
Training and Meetings	$	4,418	*Minor increase based on anticipated FY27 training and meeting needs.*
Professional Services	$	273,099	*Increase reflects added Computer Systems Consultant support in MIS and dam safety consulting (Resident Inspection).*
Other Materials	$	97,759	*Increase driven by computer hardware refresh (Surface/laptop replacements) in MIS.*
Other Services	$	2,196,442	*Significant increase driven by higher Sludge Pelletization costs due to revised landfill projections and potential PFAS-related impacts.*
Subtotal of Changes to Operating Costs	**$**	**5,698,039**	
Revenue & Income			
Investment Income			
Subtotal of Rate & Revenue	**$**	-	
OPERATING RESERVE REQUIREMENT ADJUSTMENT			
Operating Reserve Requirement	$	(572,387)	*Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)*
NET CHANGES TO PROPOSED FY27 CEB	**$**	**(4,006,707)**	

The Dunphy Sheet

Water Utility

IMPACTS ON RATE REVENUE REQUIREMENT		Amount
Final FY2026 RRR	$	323,597,942
Proposed FY2027 RRR	$	336,338,000
MWRA Proposed FY26 RRR Increase		**3.94%**
AB Recommendations	$	(325,643)
FY2027 RRR, less changes	$	336,012,357
Advisory Board Recommended FY27 RRR Increase		**3.84%**

IMPACTS ON EXPENDITURES		Amount	Description
MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY27 CEB			
Staffing (vacancy rate assumptions)	$	(1,725,000)	@$115K/FTE (salary only)
Fringe benefits	$	(345,000)	
Rate stabilization funds			
Advisory Board budget reduction			
Subtotal AB Recommendations	**$**	**(2,070,000)**	
ANTICIPATED ADJUSTMENTS TO PROPOSED FY27 CEB			
Direct & Indirect Cost Changes			
Wages & Salaries	$	(36,134)	*No change to FTE count; slight decrease reflects miscellaneous salary adjustments.*
Overtime	$	39	*Essentially level-funded; minor adjustment based on anticipated overtime needs.*
Fringe Benefits	$	(521,387)	*Decrease driven by lower health insurance costs based on updated GIC rates.*
Workers Comp	$	(8,232)	*No material change from proposed budget.*
Chemicals	$	(272,682)	*Decrease driven by lower Sodium Hypochlorite pricing and reduced Sodium Bisulfite usage.*
Energy & Utilities	$	18,056	*Slight increase driven by higher diesel and natural gas costs offsetting electricity savings.*
Maintenance	$	2,274,205	*Increase driven by higher costs at DITP and updated project cost estimates and schedules.*
Training and Meetings	$	584	*Minor increase based on anticipated FY27 training and meeting needs.*
Professional Services	$	376,901	*Increase reflects added Computer Systems Consultant support in MIS and dam safety consulting (Resident Inspection).*
Other Materials	$	27,545	*Increase driven by computer hardware refresh (Surface/laptop replacements) in MIS.*
Other Services	$	(68,018)	*Slight decrease; no major programmatic drivers comparable to sewer-side sludge costs.*
Subtotal of Changes to Operating Costs	**$**	**1,790,877**	
Revenue & Income			
Investment Income			
Subtotal of Rate & Revenue	**$**	-	
OPERATING RESERVE REQUIREMENT ADJUSTMENT			
Operating Reserve Requirement	$	(46,520)	*Updated based on applicable adjustments; applies only to direct and indirect costs (revenue not included)*
NET CHANGES TO PROPOSED FY27 CEB	**$**	**(325,643)**	

MWRA ADVISORY BOARD MEMBERS

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WORCESTER	Eric Batista	John Westerling/Sean Divoll

*Member of the Executive Committee
** Chairman of the Executive Committee

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Wachusett Watershed – Barbara Wyatt
Environmental Protection – Vacant
Connecticut River Basin – Lexi Dewey
Boston Harbor – Vacant (2)

MAPC Appointee:
*Maurice Handel**

Advisory Board Designees to the MWRA Board of Directors:

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Andrew Pappastergion - Brookline
Joseph Foti - Chelsea