



WSCAC/WAC Meeting

Location: Held virtually
April 20, 2021 – 10:30 am

Members in Bold in Attendance:

Michael Baram, WSCAC Chair
Whitney Beals
William Copithorne, Town of Arlington
Steven Daunais, Tata & Howard
Andrea Donlon, CT River Conservancy
Gerald Eves, Trout Unlimited
Bill Fadden, OARS
Bill Kiley, BWSC
Paul Lauenstein, NepRWA
Martha Morgan, Nashua River Watershed Association
Martin Pillsbury, MAPC
Janet Rothrock, League of Women Voters
James Gioud, MWRA Advisory Board
Bruce Spencer
Kurt Tramposch, Wayland Wells

WAC Members in Attendance:

Adriana Cillo, BWSC	Mary Adelstein
Craig Allen	Philip Ashcroft
James Guiod, MWRA Advisory Board	Stephen Greene
Kannan Vembu	Taber Keally
Karen Lachmayr, Chair	George Atallah
Martin Pillsbury, MAPC	
Dan Winograd	

MWRA Staff in Attendance:

Wendy Leo	Jim Coyne
Matthew Horan	Sally Carroll
Michael Cole	Tom Durkin

Non-Members in Attendance:

Lexi Dewey, WSCAC staff	Fred Russell
Lou Taverna, City of Newton	Andreae Downs, WAC staff
Jim Barsanti, MassDEP	

Andreae opened the virtual meeting, and attendees introduced themselves in the Chat. She noted that the meeting was being recorded for the purpose of writing the minutes.

James Guiod from the Advisory Board noted that they are in the middle of the MWRA budget review process. At the May 20th Adv. Board meeting, members will be voting on the recommendations for the MWRA budget. Those recommendations will then be sent to MWRA staff and the Board of Directors.

James mentioned that the Adv. Bd. is hoping for a possible in person or hybrid meeting in September.

Andreae asked James about the view of the Advisory Board on the DCR watersheds. James stated that they are consistently concerned with DCR staffing levels. While supportive of filling all vacancies, the Adv. Bd. believes that it is unlikely that additional vacancies will be filled in the near future. This will be noted in the Adv. Bd. budget recommendations. DCR's FY22 budget will be voted at the June meeting of the Water Supply Protection Trust.

Andreae asked about debt service assistance and James mentioned, and Matt Horan concurred, that the amount for FY21 was \$1.3 million.

Wendy Leo provided MWRA updates on the following projects: Ongoing wastewater sampling for Covid 19, finishing up the work at the Chelsea Headworks, and using the lessons learned from this project to help with the upcoming design work on Columbus Park and Ward Street Headworks. The rehabilitation of Prison Point will be starting later this spring. Valve replacement is occurring at the Clinton Wastewater Treatment Plant. MWRA is continuing to work closely with communities to reduce CSO's further. The Semi-Annual Report will be published by the end of April, and there will be a public virtual briefing on May 21st.

Andreae noted the date and topic of the May 7th WAC meeting, Boston Water's Climate Change Strategies.

Andreae introduced Tom Durkin, MWRA Finance Director, to present on the FY2022 Proposed Current Expense Budget, and Capital Improvement Plan with assistance from Mike Cole, MWRA Budget Director, and Matt Horan, MWRA Deputy Finance Director and Treasurer.

Tom began by noting that this presentation is very similar to presentations in the past and that is by design. The purpose is to keep things steady and predictable as surprises don't serve our communities well. We are assessing communities what it takes to fund the operations and debt service and those indirect costs of the budget. The size of those slices of the pie is what makes up the assessments. We look 5-10 years out to try to anticipate any bumps in the road to even things out and keep it steady.

The focus is to:

- Deliver Sustainable and Predictable Assessments
- Continue Multi-Year Rates Management Strategy
- Covid-19: Impact to Community Shares/Assessments

Mike Cole reviewed the Current Expense Budget structure, explaining that the proposed budget is made of both direct and indirect costs as well as capital financing.

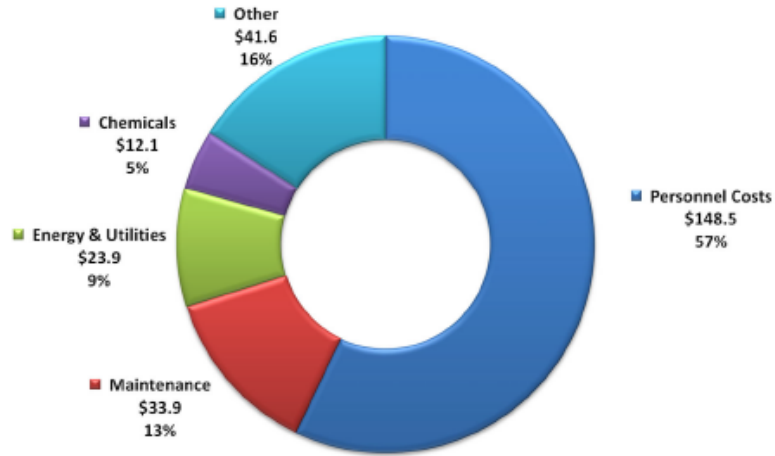
- Direct Expenses-Personnel Costs, Maintenance, Energy & Utilities, Chemicals and Other (up 3.1%)
- Indirect Expenses-Watershed and PILOT payments, Pension, OPEB, HEEC, Insurance and Other (up 3.4 %)
- Capital Financing-Debt (up 4.1%)



FY22 Proposed CEB Budget Structure – Direct Expenses

Direct Expenses by Category

(*\$s in millions*)



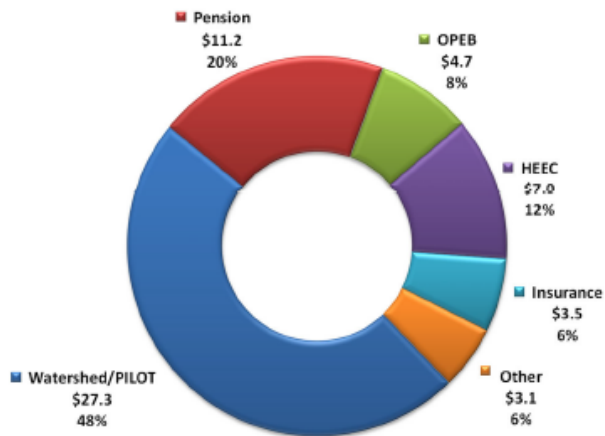
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FY22 Proposed CEB Budget Structure – Indirect Expenses

Indirect Expenses by Category

(*\$s in millions*)

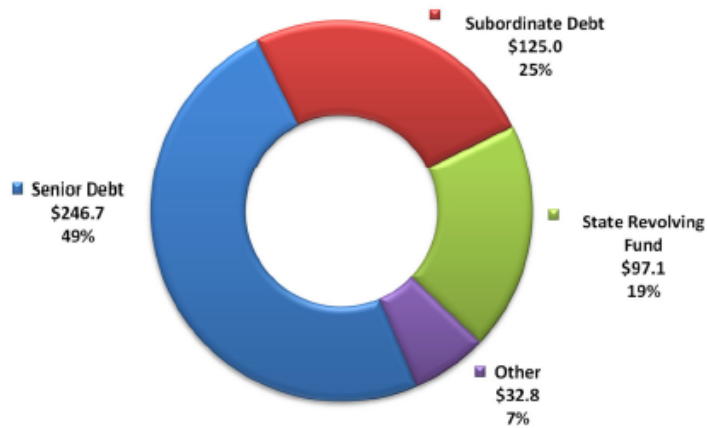




FY22 Proposed CEB Budget Structure – Capital Finance Expenses

Capital Financing by Category

(\$s in millions)



Matt Horan reviewed the capital financing by category.

Senior Debt-Fixed rate debt and includes the impact of \$15 million in defeasance that will occur this spring to help offset future rates for communities.

Subordinate Debt-Variable rate debt at 3.5 % for next year

State Revolving Fund-Money the MWRA borrows at a rate of 2% subsidized through federal and state funds.

Other-Lease on the Chelsea facility, debt prepayment costs, and costs associated with the local water pipeline loan program. Not included was the \$1.3 million in debt service assistance which was received in March of this year.

Tom discussed the previous year's revenue rate of 1% for communities which occurred in response to the pandemic and the many effects it has had on communities. This year, the initial budget proposes a 3.9 % increase for the water utility and a 3.4% increase for the wastewater utility (see slide below). Together, the combined rate increase for FY22 is 3.6%.

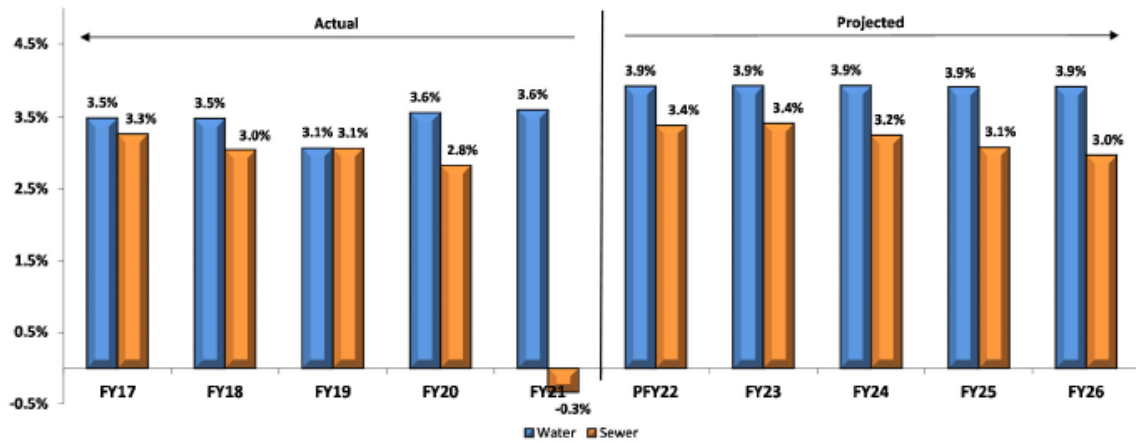
The water utility is challenged by debt service at 61% due to the continued payment of improvements such as the MetroWest Tunnel and the Carroll Water Treatment Plant.

Tom showed historical and projected rate revenue changes by utility. He explained further that while the MWRA may show a basic rate increase of 3.6%, individual communities will have rates that vary beyond this due to unique conditions within each community's water and waste water use. Also, each communities' slice of the pie changes according to the use in all the other communities. He used Boston, the largest user, as an example. Boston's water use is down 3.7% over the last year. Therefore, their slice of the pie decreases and the other communities will take on bigger slices to make up the difference.



FY22 Proposed CEB – Rate Projections (By Utility)

MWRA Water & Sewer Utilities
Historical and Projected Rate Revenue Changes



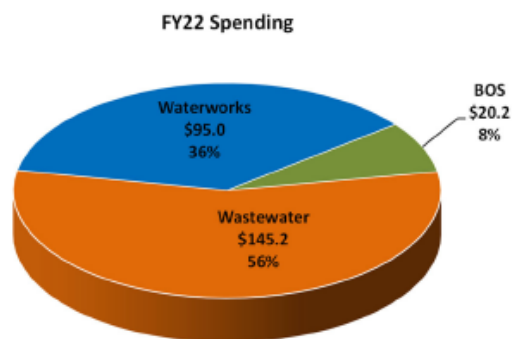
Tom introduced the discussion on the Capital Improvement Program by noting that it is more like a plan that is managed in 5 year increments (5Year Cap). The large projects in this program are financed over time to reflect generational equity. Those that benefit from these improvements will pay for them over the life of the asset. The

Tom shared several slides on the Capital Improvement Program (CIP). The CIP focuses on asset protection and long-term redundancy, and stretches over a five-year period. The current five-year period is FY19-FY23, so FY22 is positioning toward the end of this period. At the beginning of the five year period in FY 19, the total MWRA expected to spend was \$984.8 million. As the cap is a moving target due to project delays and other factors, the cap is now at \$881 million in FY22 with one more year in the cap.



FY22 Proposed CIP – Proposed FY22 Expenditures

Total Proposed FY22 Expenditures: \$260.5 million



\$s in millions

Mike discussed the slide below on the proposed Capital Improvement Projects for FY22.



FY22 Proposed CIP – Top Projects Excluding Loans FY19-23 Cap Period Spending

Project	Subphase	FY19-23 Spending \$s in Millions	% of Total
Deer Island Treatment Plant Asset Protection	Clarifier Rehab Phase 2 - Construction	\$75.3	7.3%
Corrosion & Odor Control	NI Odor Control HVAC Imp Construction Phase 2	\$58.3	5.7%
Facility Asset Protection	Chelsea Creek Upgrades - Construction	\$51.9	5.0%
Facility Asset Protection	Prison Point Rehab - Construction	\$42.5	4.1%
SEH Redundancy & Storage	Redundancy Pipeline Sect 111 - Construction 3	\$20.2	2.0%
NIH Redundancy & Storage	Section 89 & 29 Redundancy Construction Phase	\$19.8	1.9%
Deer Island Treatment Plant Asset Protection	Gravity Thickener Rehab	\$19.6	1.9%
Deer Island Treatment Plant Asset Protection	Fire Alarm System Replacement - Construction	\$15.8	1.5%
Metro Tunnel Redundancy	Prelm Des & MEPA Review	\$14.4	1.4%
SEH Redundancy & Storage	Redundancy Pipeline Sect 111 - Construction 2	\$14.2	1.4%
Top Spending Subphase FY19-23		\$331.9	32.2%
Remaining FY19-23 Spending		\$698.3	67.8%
Total Projected FY19-23 Spending		\$1,030.2	100.0%

On the water side, the Southern Extra High and Northern Intermediate High redundancy projects continue through FY22. The Metro Tunnel Redundancy program, now undergoing MEPA review of the ENF is also noted above. It is now the biggest asset totaling approximately \$1.5 billion. A Working Group, made up of the communities that will be impacted by the siting of the tunnel, had its first meeting in April and will continue to meet every other month and eventually monthly as the tunnel process progresses. Borings to determine the tunnel route will begin soon and will progress over the summer.



FY22 CIP – FY22 Top Spenders - Redundancy

Northern Intermediate High Redundancy Sections 89 and 29



FY 22 Budget: \$5.8M
 Total Contract: \$28.9M
 NTP: January 2021
 SC: December 2025

Weston Aqueduct Supply Main 3 (WASM)



FY22 Proposed CIP – FY22 Top Spenders – Redundancy

WASM 3 CP-1



FY22 Budget: \$5.2M
Total Contract: \$19.5M
NTP: October 2020
SC: August 2024

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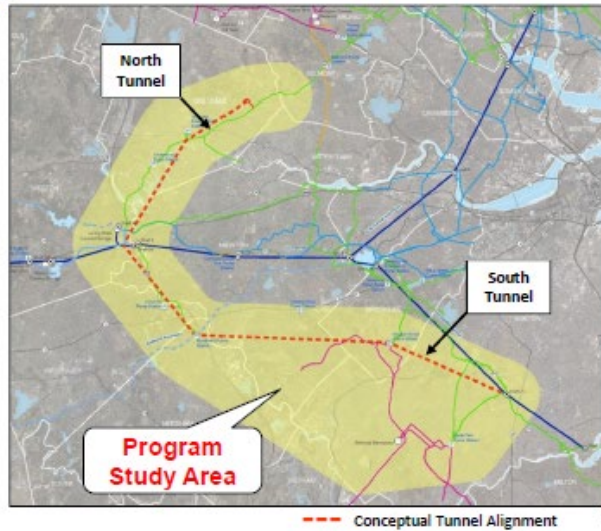
Metro Tunnel Redundancy Program



FY22 Proposed CIP – FY22 Top Spenders – Redundancy

Preliminary Design & MEPA Review

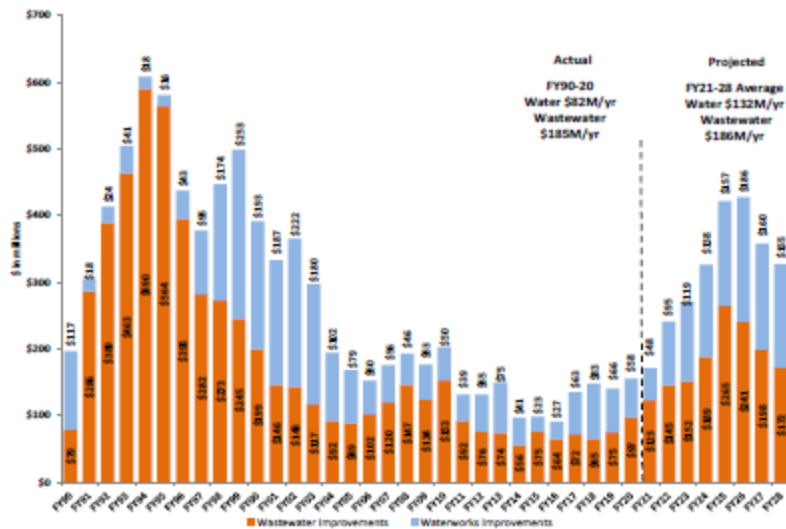
FY22 Budget: \$5.4M
Total Contract: \$15.7M
NTP: July 2020
SC: January 2024



Mike shared a graph (below) showing the history of the MWRA’s Capital Improvement Spending, both actual and projected, from FY90 to FY23.



Historic and Projected Capital Improvement Spending by Utility

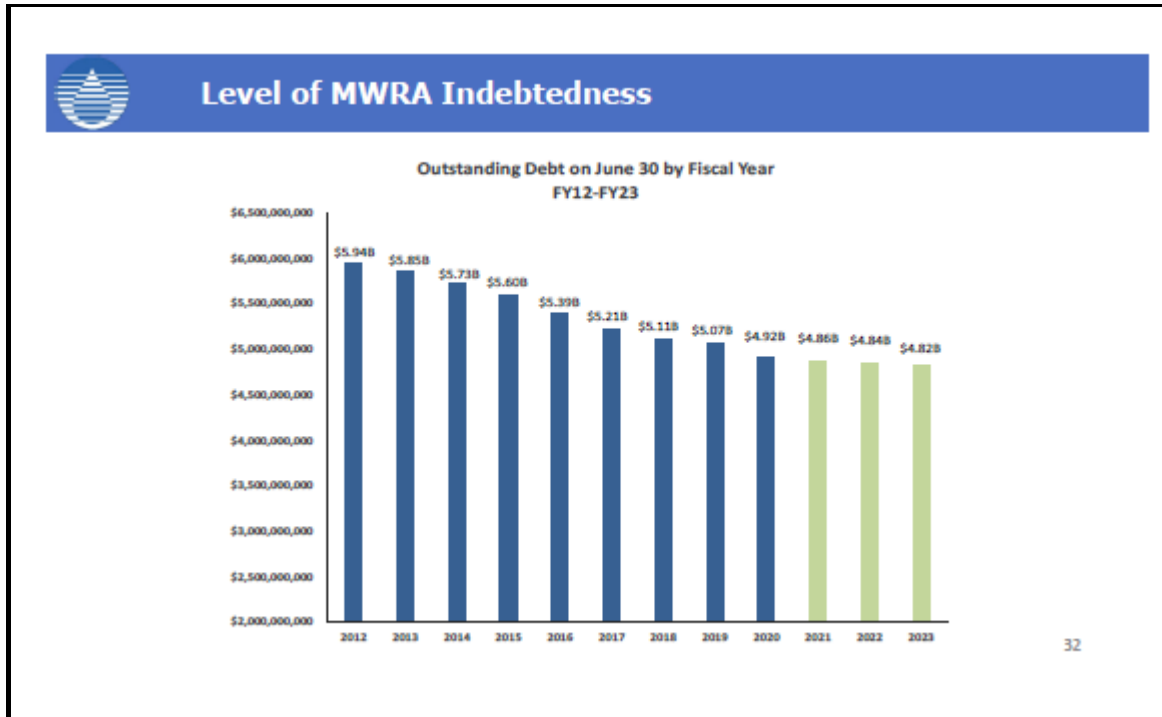


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Tom discussed the largest asset on the wastewater side, Deer Island, which uses \$10 million annually in electricity and \$1.6 million in diesel fuel. Using digester gas, hydro, wind and solar on the island, 95% of the energy used is off the grid. However, MWRA believes they can improve on this. In June 2019, MWRA hired Black & Veatch for \$1.5 million dollars, to study and recommend CHP technologies that can decrease Deer Island’s carbon footprint and amount of electricity used from the electric grid. This is not an easy task given

that the treatment plant is always running and there is very little space on the island for expansion. Black & Veatch’s report will be available to the MWRA Board of Directors for a presentation in September. Tom mentioned that the goal is to increase electricity efficiency from 65-85%. Funds for this project are likely to come from EOEEA, the Dept. of Energy and Eversource, not from MWRA ratepayers.

Matt Horan showed the attendees a graph outlining the level of MWRA’s indebtedness (see below). The current cap period debt service is projected to be \$558.0 million less than in FY16.



Mike Cole noted that next steps for the MWRA are to continue with asset protection, as well as more detailed focus on the metro tunnel redundancy project, which is expected to take approximately 17-23 years and cost \$1.47-\$1.7 billion at the estimated midpoint of construction.

Looking forward, Tom noted that MWRA will use the lessons learned from Chelsea Headworks upgrades (over 40 change orders) to move forward with the Ward Street and Prison Point Headworks projects. They will continue their commitment to asset protection, and moving forward with the Metro. Tunnel Redundancy program.

Next steps include the spring revisit to parts of the budget, and working with the MWRA Advisory Board on their Comments & Recommendations. The Advisory Board will give the Board of Directors a presentation in May. Consensus will be reached and the budget adopted at the June MWRA Board Meeting.

Tom opened the forum for questions, which came in via chat and video. He discussed MWRA’s pension program and Other Post Employment Benefits (OPEB) which are both planned for and in the budget. The pension is 90% funded and will be fully funded in 2029. Annual funding comes from the interest on the MWRA’s assets totaling \$600 million, employee contributions, and ratepayer funds. OPEB is the funding to provide for the GIC health insurance benefits for retirees. The MWRA has set up an irrevocable trust and funds it annually at half of the required contribution.

Tom noted that the MWRA will not be renewing their lease at the Charlestown Navy Yard in 2023. Staff will move to the Chelsea facility and to Deer Island. It is not yet clear what the percentage of working from home and

time at the office will be. Mike mentioned that there will be a saving of approximately \$2 million dollars from leaving the Navy Yard office space.

James Guidod said that the Advisory Board is also exploring where they will be located in the future. He mentioned how helpful it is to be situated near MWRA staff for informational purposes.

Lexi and Andreae thanked the presenters, and moved to WSCAC and WAC briefs.

Andreae voted approval for the WAC March meeting minutes, and noted the date and topic of the May 7th WAC meeting on Boston Water & Sewer's Climate Change Strategies.

Lexi noted that WSCAC did not have a quorum so the March Minutes will be voted in May. WSCAC Executive Committee meeting on April 28 and May's meeting will be held virtually on May 18th. The topic will be a discussion of the projected expansion of the water system due to contamination, drought, and other conditions.

Today's presentation of the MWRA Proposed FY22 budget is available on both WAC & WSCAC websites.

The meeting was adjourned.