

MASSACHUSETTS WATER RESOURCES AUTHORITY



Fiscal Year 2016

Proposed

CURRENT EXPENSE BUDGET

BOARD OF DIRECTORS

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MASSACHUSETTS WATER RESOURCES AUTHORITY

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Katherine Haynes Dunphy, Chairwoman
MWRA Advisory Board
100 First Avenue
Boston, MA 02129

March 2015

Dear Chairwoman Dunphy:

At its March 11, 2015 meeting, the MWRA Board of Directors voted to transmit the FY16 Proposed Current Expense Budget to the Advisory Board for its review and comment.

The FY16 Proposed Budget recommends a combined assessment increase of 4.1%. This is slightly lower than the 4.3% projected for FY16 last year, due to our continuing practice of targeted debt defeasance for the most challenging out-years and managing both direct and indirect expenses. The FY16 Proposed Budget reflects the benefits of an anticipated \$20 million defeasance in FY15 with targeted savings in FY17 and FY18. The residual savings in FY16 from the proposed defeasance and lower direct and indirect expenses have allowed for a reduction in the projected use of reserves in FY16, preserving those funds for future use.

Total expenses are \$707.2 million, a \$32.7 million or 4.8% increase over the FY15 Budget. Capital financing costs at \$435.7 million remain the largest portion of the budget, representing 61.6% of the total expenses. FY16 marks the third consecutive year where principal payments will exceed projected borrowings, continuing to reduce MWRA's outstanding debt. Operating expenses are \$271.6 million, of which \$223.8 million is for direct expenses and \$47.8 million is for indirect expenses.

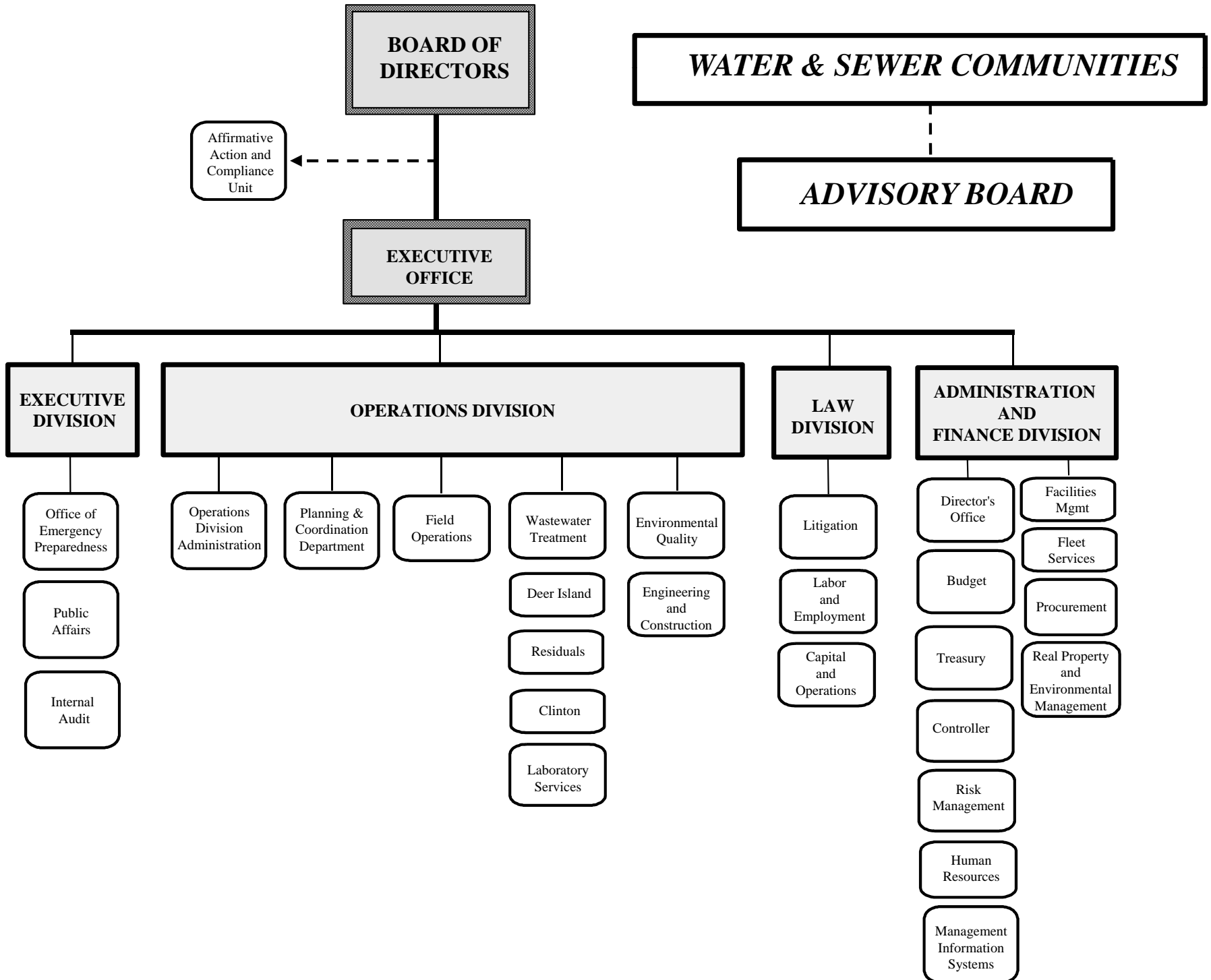
MWRA continues to pursue a rates management strategy which promotes sustainable and predictable assessment increases. FY16 represents a significant milestone as the anticipated Bond Resolution changes will become effective, thus freeing up reserves which will further allow the Authority to manage future assessment increases. MWRA is planning to continue the current strategy of paying down the pension liability, and upon reaching full funding, move to address the OPEB obligation.

Additional budget information and a copy of this document are available online at www.mwra.com. Questions or comments on this document should be directed to the MWRA Budget Department.

We look forward to working with the Advisory Board members and staff during your review of the FY16 Proposed Current Expense Budget. Thank you for your continued support and recommendations.

Sincerely,

Frederick A. Laskey
Executive Director



BOARD OF DIRECTORS

WATER & SEWER COMMUNITIES

Affirmative Action and Compliance Unit

ADVISORY BOARD

EXECUTIVE OFFICE

EXECUTIVE DIVISION

OPERATIONS DIVISION

LAW DIVISION

ADMINISTRATION AND FINANCE DIVISION

Office of Emergency Preparedness

Public Affairs

Internal Audit

Operations Division Administration

Planning & Coordination Department

Field Operations

Wastewater Treatment

Deer Island

Residuals

Clinton

Laboratory Services

Environmental Quality

Engineering and Construction

Litigation

Labor and Employment

Capital and Operations

Director's Office

Budget

Treasury

Controller

Risk Management

Human Resources

Management Information Systems

Facilities Mgmt

Fleet Services

Procurement

Real Property and Environmental Management

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Executive Summary

Executive Summary

MWRA Mission

The Massachusetts Water Resources Authority (MWRA) is an independent authority that provides wholesale water and sewer services to its member communities and funds its operations primarily through member community assessments and charges. MWRA's mission is to provide reliable, cost-effective, high-quality water and sewer services that protect public health, promote environmental stewardship, maintain customer confidence, and support a prosperous economy. MWRA's long-term plan emphasizes improvements in service and systems and includes performance targets for operating the water and wastewater systems and maintaining new and existing facilities.

Parallel to MWRA's goal of carrying out its capital projects and operating programs is its goal of providing sustainable and predictable assessments by working in partnership with its member communities. The need to achieve and maintain a balance between these two goals continues to be the critical issue facing the MWRA. MWRA has a five-year Strategic Business Plan which articulates the mission statement, values, and goals of the agency, including specific initiatives.

During the year, MWRA measures actual performance on a monthly basis using various reporting tools. The monthly financial Staff Summary reports on actual spending versus the budget and provides summary explanations of the variances at the line item level. At least twice a year staff prepares projections for the year-end with a similar level of explanations. The performance indicator reports (the Orange and Yellow Notebooks) capture a variety of parameters regarding performance of each major functional area, on a monthly and quarterly basis.

Overview

Each year, MWRA prepares a budget that reflects the best available information for anticipated expenditures and revenues. MWRA transmitted its FY16 Proposed Budget to the Advisory Board in March. The Advisory Board has sixty days to review, comment, and provide recommendations. MWRA also hosts a public hearing to solicit comments on the budget and community assessments from citizens in its service area. In June, MWRA's Board of Directors holds a hearing on the budget to review recommendations by the Advisory Board and new information available since the budget was developed. Staff incorporates Board decisions from the hearings and presents a final budget for approval in June.

FY16 Proposed Budget Summary

The FY16 Proposed Budget recommends a combined assessment increase of 4.1%.

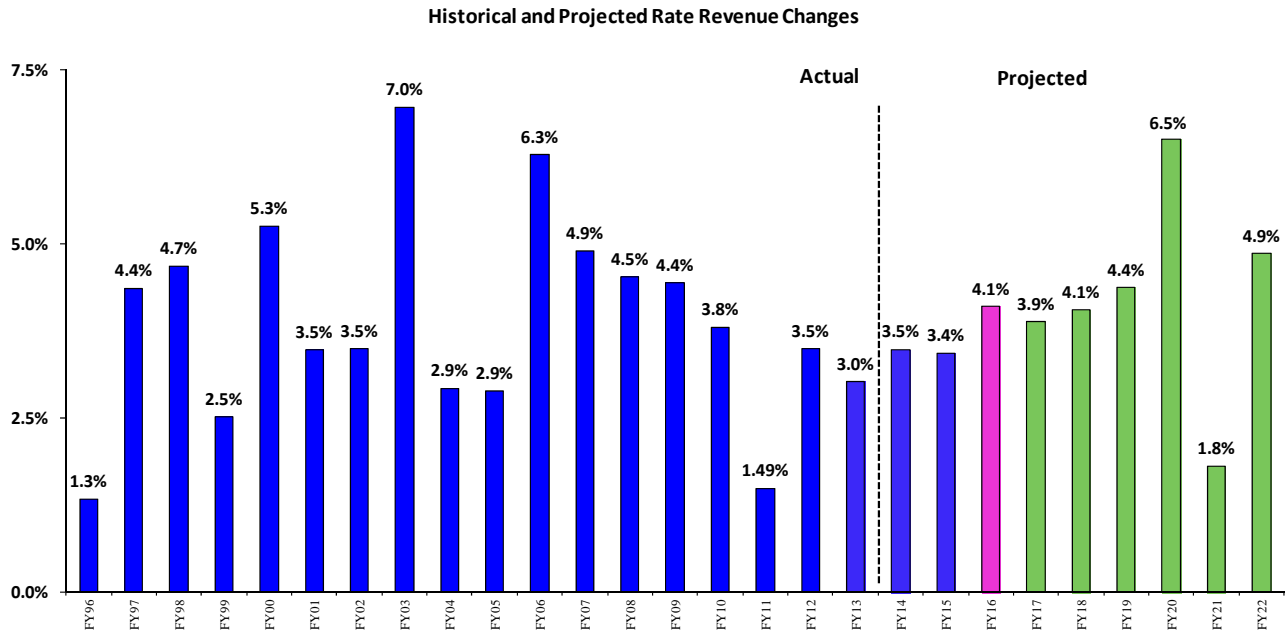
Measures taken by the Authority to achieve the 4.1% rate increase include:

- Limiting Direct and Indirect Expenses increase to 2.6%;
- Continued practice of targeted defeasance;
- Budgeted headcount at 1,170 positions, 5 fewer positions than FY15;
- Use of \$3.5 million in Bond Redemption funds, \$8.5 million lower than originally projected;
- Debt Service savings of \$902,750 in FY16 from a proposed \$20 million defeasance;
- Higher Other Revenue of \$5.8 million due to a one-time revenue for water provided during the community managed CSO project to Cambridge;
- The projected release of the debt service reserves related to the upcoming amendments to

- the Bond Indenture is included in the planning estimates; and
- Assumes No Debt Service Assistance.

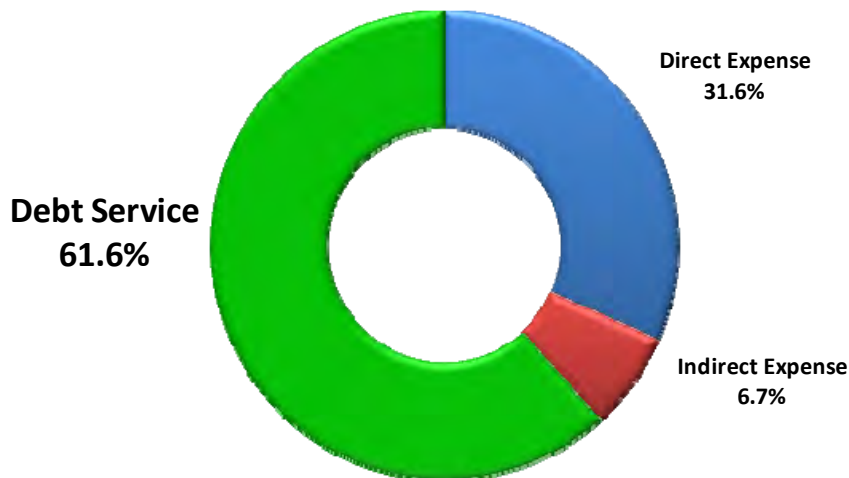
As MWRA continues to pursue a rate management strategy which promotes sustainable and predictable assessments and addresses the Authority’s Pension and Other Post Employment Benefits (OPEB) related liabilities.

The graph below represents historical and projected assessment changes based on the FY16 Proposed Budget.



The FY16 Proposed Budget projects total expenses of \$707.2 million, \$32.7 million or 4.8% above the FY15 Budget. Capital financing costs remain the largest component of the CEB and account for more than 61.6% of total expenses. No Debt Service Assistance (DSA) is assumed for FY16.

FY16 Current Expense Budget



Total expenses include \$435.7 million for capital financing costs after offsets and \$271.5 million for operating expenses, of which \$223.8 million is for Direct Expenses and \$47.8 million is for Indirect Expenses. Of the \$32.7 million overall increase, \$25.9 million is for Capital Financing, \$6.6 million is for Direct Expenses, and \$241,000 is for Indirect Expenses.

The \$25.9 million or 6.3% increase in capital financing expenses after offsets reflects debt service associated with the projected issuances of \$100 million in June 2015 and \$100 million of new money in June 2016 as well as new State Revolving Fund (SRF) debt of \$54.5 million to be issued in FY16. Offsetting these issuances, are the impacts of the projected FY15 defeasance of \$20.0 million, which is estimated to yield savings of approximately \$903,000 in FY16, \$8.6 million in FY17, \$9.6 million in FY18, and \$1.4 million in FY19.

The \$6.8 million or 2.6% increase in operating expenses from the FY15 Budget is mainly due to increased Wages and Salaries of \$2.6 million for cost of living adjustments (COLAs), Utility costs of \$1.4 million, Other Services of \$860,000, Fringe Benefits of \$707,000, Maintenance of \$639,000, and a variety of other items totaling \$619,000.

On the revenue side, The FY16 Proposed Rate Revenue Requirement is \$677.0, an increase of \$26.7 million or 4.1% as compared to the FY15 Budget. FY16 non-rate revenue totals \$30.2 million, an increase of \$6.0 million or 24.9% more than the FY15 Budget mainly due to the inclusion of \$5.6 million in higher Other Revenue due to a one-time revenue for water provided during the community managed CSO project to Cambridge. The FY15 non-rate revenue budget of \$30.2 million includes \$20.7 million in other user charges and other revenue and \$9.5 million for investment income.

The table on the following page shows MWRA's FY16 Proposed Budget for revenue and expenses compared with the FY15 Budget and FY14 Actual. Changes from FY15 to FY16 are described in the Revenue and Expense section of the Executive Summary.

| TOTAL MWRA | FY14 Actual | FY15 Budget | FY16 Proposed | Change FY16 Proposed vs FY15 Budget | |
|--------------------------------------------------------|-----------------------|-----------------------|-----------------------|-------------------------------------------|-------------|
| | | | | \$ | % |
| EXPENSES | | | | | |
| WAGES AND SALARIES | \$ 91,751,235 | \$ 96,554,749 | \$ 99,185,938 | \$ 2,631,189 | 2.7% |
| OVERTIME | 3,400,247 | 3,620,600 | 4,219,293 | 598,693 | 16.5% |
| FRINGE BENEFITS | 18,074,366 | 18,299,405 | 19,006,475 | 707,070 | 3.9% |
| WORKERS' COMPENSATION | 2,311,448 | 2,200,000 | 2,343,000 | 143,000 | 6.5% |
| CHEMICALS | 10,226,458 | 10,219,580 | 10,149,911 | (69,669) | -0.7% |
| ENERGY AND UTILITIES | 23,396,747 | 23,472,354 | 24,864,554 | 1,392,200 | 5.9% |
| MAINTENANCE | 29,453,365 | 27,972,607 | 28,611,968 | 639,361 | 2.3% |
| TRAINING AND MEETINGS | 328,782 | 361,019 | 413,714 | 52,695 | 14.6% |
| PROFESSIONAL SERVICES | 4,900,235 | 5,957,201 | 5,681,504 | (275,697) | -4.6% |
| OTHER MATERIALS | 5,986,021 | 5,952,729 | 5,881,553 | (71,176) | -1.2% |
| OTHER SERVICES | 21,736,151 | 22,538,498 | 23,398,351 | 859,853 | 3.8% |
| TOTAL DIRECT EXPENSES | \$ 211,565,054 | \$ 217,148,742 | \$ 223,756,261 | \$ 6,607,519 | 3.0% |
| INSURANCE | \$ 2,050,555 | \$ 2,128,155 | \$ 2,160,797 | \$ 32,642 | 1.5% |
| WATERSHED/PILOT | 26,640,877 | 27,466,790 | 28,061,183 | 594,393 | 2.2% |
| HEEC PAYMENT | 3,525,799 | 3,198,174 | 1,946,157 | (1,252,017) | -39.1% |
| MITIGATION | 1,494,900 | 1,605,967 | 1,400,000 | (205,967) | -12.8% |
| ADDITIONS TO RESERVES * | 169,304 | 482,953 | 962,449 | 479,496 | 99.3% |
| RETIREMENT FUND | 7,470,927 | 7,808,155 | 8,159,521 | 351,366 | 4.5% |
| POSTEMPLOYMENT BENEFITS/ ADDITIONAL PENSION DEPOSIT | 4,976,411 | 4,821,320 | 5,062,470 | 241,150 | 5.0% |
| TOTAL INDIRECT EXPENSES | \$ 46,328,773 | \$ 47,511,514 | \$ 47,752,576 | \$ 241,063 | 0.5% |
| STATE REVOLVING FUND | \$ 72,684,514 | \$ 78,460,635 | \$ 81,365,988 | \$ 2,905,353 | 3.7% |
| SENIOR DEBT | 229,505,983 | 220,835,626 | 283,413,656 | 62,578,030 | 28.3% |
| SUBORDINATE MWRA DEBT | 100,117,241 | 99,686,105 | 49,222,442 | (50,463,663) | -50.6% |
| LOCAL WATER PIPELINE CP | 316,440 | 4,148,453 | 4,149,242 | 789 | 0.0% |
| CURRENT REVENUE/CAPITAL | 9,200,000 | 10,200,000 | 11,200,000 | 1,000,000 | 9.8% |
| CAPITAL LEASE | 3,217,060 | 3,217,060 | 3,217,060 | - | 0.0% |
| CORE FUND DEPOSIT | 132,238 | 876,507 | 6,663,030 | 5,786,523 | 660.2% |
| BOND REDEMPTION | - | (6,745,598) | (3,546,984) | 3,198,614 | -47.4% |
| VARIABLE RATE DEBT SAVINGS | (12,770,132) | - | - | - | |
| DEFEASANCE ACCOUNT | - | - | - | - | |
| DEBT SERVICE ASSISTANCE | (853,660) | (853,660) | - | 853,660 | -100.0% |
| TOTAL DEBT SERVICE | \$ 401,549,684 | \$ 409,825,128 | \$ 435,684,435 | \$ 25,859,306 | 6.3% |
| TOTAL EXPENSES | \$ 659,443,511 | \$ 674,485,384 | \$ 707,193,272 | \$ 32,707,888 | 4.8% |
| REVENUE & INCOME | | | | | |
| RATE REVENUE | \$ 628,721,000 | \$ 650,315,782 | \$ 676,995,000 | \$ 26,679,218 | 4.1% |
| OTHER USER CHARGES | 8,030,020 | 8,259,693 | 8,751,391 | 491,698 | 6.0% |
| OTHER REVENUE | 11,266,436 | 6,180,451 | 11,950,563 | 5,770,112 | 93.4% |
| RATE STABILIZATION | 3,500,000 | - | - | - | |
| INVESTMENT INCOME | 12,129,653 | 9,729,458 | 9,496,318 | (233,140) | -2.4% |
| TOTAL REVENUE & INCOME | \$ 663,647,109 | \$ 674,485,384 | \$ 707,193,272 | \$ 32,707,888 | 4.8% |

* Reserves estimated based on OPEB being deposited into the Pension fund

FY16 Goals:

- Plan, develop, implement, and operate efficient, reliable, and economical water treatment/delivery and wastewater transport/treatment systems to customer communities.
- Develop and implement long-term strategies to ensure sustainable and predictable assessments to MWRA's communities.
- Attract and retain a qualified high-performance workforce, hire and promote qualified minority, female, and veteran employees, and offer a competitive total compensation package (salary and benefits) to all employees.
- Continuously improve processes and performance for greater efficiency.
- Manage MWRA's debt portfolio to manage long-term expenses.
- Ensure compliance with state and federal drinking water quality and wastewater discharge regulations including the Safe Drinking Water Act (SDWA), the Clean Water Act, and National Pollutant Discharge Elimination System (NPDES) permits.
- Ensure that water supply and wastewater collection and treatment preserve public health and protect natural resources.
- Provide overall management of the agency and ensure adherence to all applicable policies and regulations.
- Adhere to all MWRA policies, procedures, and administrative practices as well as all relevant statutory and regulatory authority, accounting, and budgeting principles.
- Continue to aggressively pursue renewable and sustainable energy resources to reduce the environmental impacts of daily operations, increase energy efficiencies, and reduce overall operating costs.
- Maintain a recycling program in order to contain MWRA operating costs by removing recyclable materials from the waste stream.

FY16 Initiatives:

- Continue the development of options and recommendations to ensure sustainable and predictable assessments and charges to our communities.
- Continue assessment and evaluation of sustainable cost savings opportunities throughout the organization.

- Identify, assess, and implement initiatives to reduce energy demand and increase energy self-generation in MWRA's system, including the projects noted in MWRA's Memorandum of Understanding with NSTAR and other utilities. Pursue grant-funding and cost-sharing arrangements to defray costs of implementing these initiatives.
- Preserve options for the commercial food waste co-digestion project at Deer Island Treatment Plant.
- Self-generate ~30% of the Deer Island Treatment Plant's (DITP) required power through optimization of power generation assets, including the wind turbines and the Steam Turbine Generation (STG) back pressure system.
- Start-up Spot Pond covered storage facility in FY16.
- Develop additional specialized recruitment sources to attract women, minorities, and veterans for difficult to fill positions including expending social network recruiting capabilities.
- Expand supervisory, professional, and career development training programs necessary to support succession planning initiatives including developing additional job shadowing training programs.
- Plan for implementation of requirements of the new National Pollutant Discharge Elimination System (NPDES) Permits for DITP (assume new permit is issued after FY16) and Clinton Wastewater Treatment Plant (assume new permit in effect for all of FY16).
- Prepare the establishment of an Irrevocable Trust for Other Post Employment Benefits (OPEB) to address the Authority's significant health insurance liability.

FY15 Mid-Year Accomplishments:

- Maintained MWRA's strong credit ratings, Aa1, AA+, AA+ from Moody's, Standard & Poor's and Fitch respectively. MWRA's credit ratings from all three major agencies are only one ratings step below the highest rating of AAA. These high credit ratings enable MWRA to borrow at very advantageous interest rates which helps minimize debt service expenses.
- At DITP, treated 98.2% of flow through secondary and met secondary permit limits at all times. Operated DITP without any NPDES Permit violations during the first six months of FY15.
- Negotiated successor collective bargaining agreements with all five collective bargaining unions of the MWRA.
- Continued to support the agency's efforts in developing and implementing succession planning activities in anticipation of an increase in retirements over the next several years.

- Completed the 2014 Series D, E, and F bond transaction which was a refunding and new money transaction. The transaction included \$73.1 million in new money and \$170.8 million in refunding bonds, which were issued at a cost of 3.41%. The refunding transaction resulted in \$20.2 million or 10.45% present value savings and \$56.4 million in gross debt service savings.
- Completed the Massachusetts Clean Water Trust (MCWT) Pool 18 borrowing. This \$52.6 million transaction was made at subsidized interest rates contributing to a lower overall cost of debt for the Authority.
- Continue to leverage MWRA's self-generation assets and participation in the competitive energy market to offset operating costs. The combined impact of participation in the Independent System Operators of New England (ISO-NE) load response program and the non-rate revenue from the sale of Renewable Portfolio Standards Program (RPS) credits resulted in \$894,000 in revenue for the first six months of FY15. Deer Island also self-generated ~30% of the plant's total required power during that period.
- Competitively bid CY14 Renewable Energy Portfolio Standard certificates which resulted in FY15 revenues of \$84,587 (Class II). In addition, received FY15 revenues of \$578,239 from forward marketing of CY14 (Class I and Solar) Renewable Portfolio Standards (RPS) certificates.
- Received revenue for energy generated at numerous facilities including the following: hydroelectric \$313,000 from Oakdale Station, \$103,000 from Cosgrove Station, and \$8,900 (net) from the Loring Road Pump Station; wind of \$182,000 from Charlestown Pump Station; and solar of \$50,000 from Carroll Water Treatment Plant.
- The MWRA was rated as one of the largest bio-fuel users by the Massachusetts Alternative Fuel Coalition (MAFC). The Authority continues to fuel diesel powered vehicles/equipment with bio-diesel.
- In water system, exercised 414 and replaced 10 mainline valves; exercised 202 and replaced 6 blow-off valves.
- In the wastewater system, inspected 16.41 miles and cleaned 14.31 miles of MWRA pipeline. Also inspected 768 structures and rehabilitated 21 manholes.

SOURCES AND USES OF FUNDS

MWRA funds its operations primarily through member community assessments. Funds supporting the current expense budget are not subject to appropriation with the exception of debt service assistance. The table below shows MWRA's sources and uses of funds for The FY16 Proposed Budget.

| SOURCES & USES OF FUNDS* | | |
|-------------------------------------|----------------|---------------|
| \$ in Millions | | |
| Sources of Funds | | |
| Other User Charges | \$8.8 | 1.2% |
| Other Revenue | 12.0 | 1.7% |
| Investment Income | 9.5 | 1.3% |
| Rate Revenue | 677.0 | 95.7% |
| Rate Stabilization | 0.0 | 0.0% |
| TOTAL REVENUE | \$707.2 | 100.0% |
| Uses of Funds | | |
| Total Expenses before | | |
| Debt Service Offsets | \$707.2 | |
| Less: | | |
| Debt Service Assistance | 0.0 | |
| Bond Redemption | (3.5) | |
| Sub-Total Net Expenses | 703.6 | |
| Capital Financing | 435.7 | 61.6% |
| Direct Expenses | 223.8 | 31.6% |
| Indirect Expenses | 47.8 | 6.8% |
| TOTAL EXPENSES | \$707.2 | 100.0% |
| TOTAL EXPENSES Less Offsets | \$703.6 | |
| *May not add up due to rounding | | |

Revenue

MWRA is required by its enabling act to balance its budget each year by establishing user assessments for water and sewer services that provide funds sufficient to recover the cost of operations (excluding depreciation), maintenance and improvements, and debt service, as well as meeting required reserve levels.

In the FY16 Proposed Budget, 95.7% of revenue is derived from rate revenue. The remaining 4.3% of revenue will come from interest on investments, charges to water and sewer customers (including Chicopee Valley Aqueduct (CVA) communities), non-recurring revenue, annual charges to sewer system users with permits issued by MWRA's Toxic Reduction and Control Department (TRAC), penalties assessed to holders of sewer use permits, and other miscellaneous sources.

Rate Revenue

Under The FY16 Proposed Budget, the MWRA will raise \$677.0 million of its total revenue requirements from water and sewer assessments to member communities. Of the \$677.0 million, \$450.6 million will fund the sewerage system, an increase of 2.4% as compared to FY15; and \$226.4 million will fund the water system, an increase of 7.7% as compared to FY15.

Non-Rate Revenue

Other User Charges

Other User Charges include revenues derived from the provision of water and sewer services to communities and other entities under special agreements. Other User Charges in the FY16 Proposed Budget total \$8.8 million, an increase of \$492,000 or 6.0% from the FY15 Budget and includes \$4.8 million for CVA communities, \$1.7 million for Deer Island water usage, \$753,000 in entrance fees paid by Stoughton and Wilmington, \$500,000 for the Commonwealth's partial reimbursement for Clinton Wastewater Treatment Plant expenses, \$608,000 in water revenue, and \$366,000 in sewer revenue to contract communities.

Other Revenue

Other Revenue is budgeted at \$12.0 million, an increase of \$5.8 million or 93.4% from the FY15 Budget mainly for due to one-time revenue for water provided during the community managed CSO

project to the City of Cambridge.

Other Revenue includes \$2.2 million in permit fees and penalties, \$3.1 million for the sale of Renewable Portfolio Credits, sale of generated power, and revenues for demand response programs, and \$6.7 million in miscellaneous revenue.

Permit Fees and Penalties

The FY16 Proposed Budget includes \$2.2 million in fees charged to industries that discharge toxic materials into the MWRA sewer system. These permit fees partially offset the annual costs of permitting, inspecting, and monitoring these industries.

Energy Revenue

The FY16 Proposed Budget includes \$3.1 million which pertains to the Authority's energy programs for the sale of Renewable Portfolio Standard credits, participation in the demand response program, and the sale of power including hydro, wind, and solar generated at various MWRA's facilities as well as a large number of miscellaneous revenue items.

Miscellaneous Revenue

The FY16 Proposed Budget includes \$6.7 million in miscellaneous revenue mainly for the City of Cambridge one-time water revenue as highlighted above.

Investment Income

MWRA earns income by investing reserves and fund balances in a variety of interest-yielding securities. The FY16 Proposed Budget includes \$9.5 million in investment income, a decrease of \$233,000 or 2.4% from the FY15 Budget due to having fewer funds invested long-term due to liquidity needs for the reserve release based on the amendments to the Bond Indenture anticipated for FY16. The FY16 short-term interest rate is 0.20%, unchanged from the FY15 Budget.

Non-Recurring Revenue

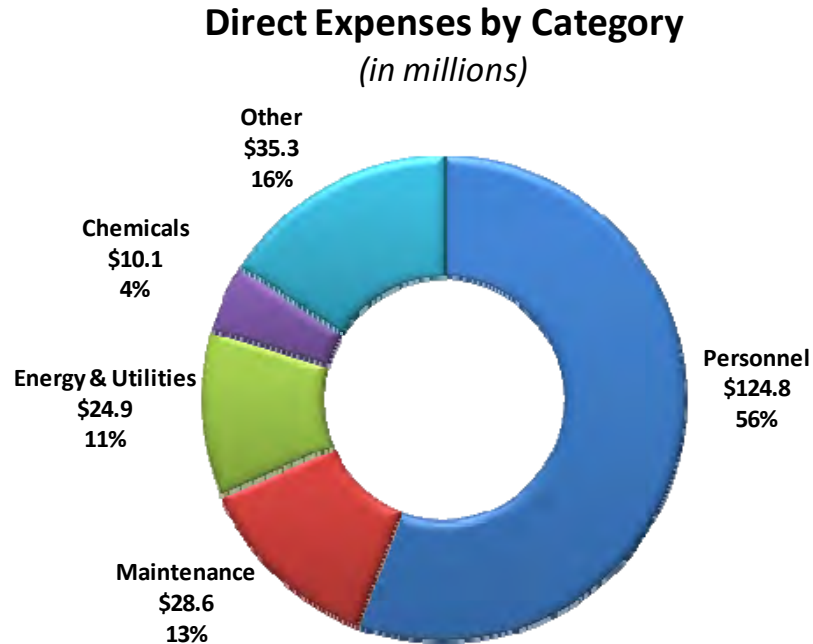
Non-Recurring Revenue is one-time revenue used in a given fiscal year to reduce assessments to member communities. In any fiscal year when annual revenues exceed expenses, MWRA may transfer the unexpended amount to the rate stabilization reserve. Within certain limits, MWRA may use this money to reduce the Rate Revenue Requirement in any subsequent year. Consistent with the requirements of its enabling act and its general bond resolution, MWRA treats transfers from the rate stabilization reserve as revenue in that fiscal year. For the FY16 Proposed Budget, no Rate Stabilization fund usage is projected.

Direct Program Expenses

The FY16 Proposed Direct Expense Budget is \$223.8 million, \$6.6 million or 3.0% above the FY15 Budget. The principal drivers for the increase are wages and salaries due to cost of living adjustments (COLAs), increased energy costs mainly for projected electricity pricing, sludge expense reflecting higher contract indices, fringe benefits for projected healthcare cost increases, and higher

maintenance. MWRA continues to manage direct expenses through implementing cost improvement initiatives, such as cross-training staff, competitive purchase of energy and chemicals, lease space reductions, and increased self-generation of electricity.

The chart below combines related direct expense line items into general cost categories and shows that labor costs (wages and salaries, overtime, fringe benefits, workers' compensation, and training) are the largest component of the direct expense budget 56%, other (professional services, other materials, and other services) 16%, maintenance 13%, utilities 11%, and chemicals 4%.



Wages and Salaries – The proposed budget includes \$99.2 million for Wages and Salaries, an increase of \$2.6 million or 2.7%, from the FY15 Budget. Regular Pay, which is 98.2% of total Wages and Salaries, increased \$2.7 million mostly for cost of living adjustments. The proposed budget funds 1,170 positions, 5 fewer positions than FY15 Budget. As always, new hires and backfills of vacant positions will be managed at the agency level and addressed on a case-by-case basis by senior management.

Overtime – The proposed budget includes \$4.2 million for Overtime, \$599,000 or 16.5%, above the FY15 Budget. The main reason for the large increase in funding is associated with the planned activities for the North Main Pump Station and Winthrop Terminal Facility Butterfly Valve Replacement project which will require more than 60 overnight shutdowns.

Fringe Benefits – The proposed budget includes \$19.0 million for Fringe Benefits, an increase of \$707,000 or 3.9%, from the FY15 Budget. Health Insurance premiums total \$16.5 million, an increase of \$706,000 or 4.5%, from the FY15 Budget largely due to anticipated cost increases.

Workers' Compensation – The proposed budget includes \$2.3 million for Workers' Compensation, an increase of \$143,000 or 6.5%, from the FY15 Budget and is based on a three-year average of actual spending.

Chemicals – The proposed budget includes \$10.1 million for Chemicals, which is primarily level funded with the FY15 Budget. The FY16 Budget does not include any funding for the new Deer Island National Pollutant Discharge Elimination System (NPDES) permit which is projected to have more stringent requirements for enterococcus treatment compliance.

Utilities – The proposed budget includes \$24.9 million for Utilities, an increase of \$1.4 million or 5.9%, from the FY15 Budget. The increase is mainly for projected Electricity unit pricing based on most recent contracts and estimated congestion pricing of \$1.6 million and increased Diesel Fuel volume mainly at Deer Island of \$192,000. These increases are offset by lower electricity volume of \$463,000 mainly due to increased self-generation and lower Diesel Fuel pricing of \$93,000. The budget funds \$18.1 million for Electricity, \$3.8 million for Diesel Fuel, \$2.2 million for Water, and \$486,000 for Natural Gas.

Maintenance – The proposed budget includes \$28.6 million for Maintenance projects, an increase of \$639,000 or 2.3%, from the FY15 budget. The FY16 Proposed Maintenance request is in line with FY14 actual spending of \$29.5 million.

Training and Meetings – The proposed budget includes \$414,000 for Training and Meetings, an increase of \$53,000 or 14.6%, from the FY15 Budget.

Professional Services – The proposed budget includes \$5.7 million for Professional Services, a decrease of \$276,000 or 4.6%, from the FY15 Budget. The budget reflects funding of \$1.8 million for Security, \$1.6 million for Regulatory Monitoring, and \$1.4 million for Other Professional Services to support items such as the professional staff development and as-needed professional services.

Other Materials – The proposed budget includes \$5.9 million for Other Materials, which is primarily level funded with the FY15 Budget. The budget includes funding of \$1.7 million for Vehicle Purchases, \$1.0 million for Vehicle Expenses mostly for gasoline purchases, \$840,000 for Lab and Testing Supplies, \$425,000 for Computer Hardware needs, \$377,000 for Work Clothes, and \$375,000 for Equipment/Furniture.

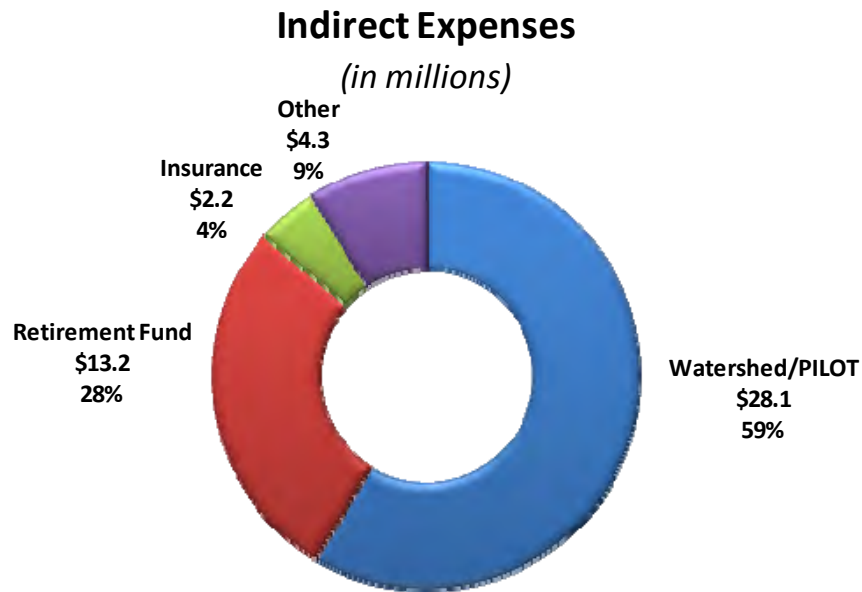
Other Services – The proposed budget includes \$23.4 million for Other Services, an increase of \$860,000 or 3.8%, from the FY15 Budget. The budget includes funding of \$14.3 million for Sludge Pelletization, \$3.6 million for Space/Lease Rentals and related expenses for the CNY and Chelsea facilities, \$1.7 million for Voice and Data costs, and \$1.2 million for Other Services. The largest increase is for Sludge Pelletization of \$406,000 due to increases in maintenance related costs, Telecommunications of \$267,000 for increased lines for security initiatives, and Space/Lease Rentals of \$144,000 for contractual and property tax increases.

Indirect Program Expenses

The FY16 Proposed Indirect Expense Budget is \$47.8 million, \$241,000 or 0.5%, above the FY15

Budget. The principal drivers for the increase are the Water Supply Protection Program due to higher operating expenses and Payment in Lieu of Taxes (PILOT) costs, Pension due to higher mandatory and optional payment amounts, and increased Addition to Reserves.

The graph below combines related indirect expense line items into the general cost categories and shows that Water Supply Protection Program expenses are the largest component of the indirect expense budget 59% followed by Retirement Fund 28%, Other (for items such as HEEC, Mitigation, and Addition to Reserves) 9%, and Insurance 4%.



Insurance

MWRA purchases property and casualty insurance from external insurance carriers with a self-insured retention of \$2.5 million dollars and Worker’s Compensation Excess insurance with a self-insured retention of \$500,000 per claim. The FY16 Proposed Budget includes \$2.2 million for Insurance, an increase of \$33,000 or 1.5%, from the FY15 Budget. The FY16 Proposed Budget was based on actual average spending for the past five years, FY10-14. The budget includes \$1.7 million for premiums and fees and \$440,000 for the projected cost of claims made against the self-insured portion of MWRA coverage. MWRA mitigates the budgetary risk of self-insurance by maintaining an Insurance Reserve. The reserve, which was established as part of the Bond Resolution, requires that an independent insurance consultant review the funding level every three years and provide recommendations as to its adequacy. The Insurance Reserve Fund is currently funded at \$14.0 million which was within the acceptable range as indentified in the insurance consultant review as of February 2014.

Watershed Reimbursement/PILOT

The Enabling Act directs MWRA to pay the Commonwealth of Massachusetts for several statutory

obligations: Payment in Lieu of Taxes (PILOT) for Commonwealth-owned land in the watersheds, operating expenses of the Division of Water Supply Protection, and debt service costs for purchases of land around the supply reservoirs to protect the watersheds. The FY16 Proposed Budget includes \$28.1 million for the Division of Water Supply Protection (formerly MDC Division of Watershed Management), an increase of \$594,000 or 2.2%, over the FY15 Budget. The budget is comprised of \$13.1 million for reimbursement of operating expenses net of revenues, \$7.9 million for Payment in Lieu of Taxes (PILOT), and \$5.6 million for debt service expenses on prior land purchases financed by the Commonwealth. The largest increases are for operating expenses net of revenues of \$394,000 mainly for contractual increases and Payment in Lieu of Taxes of \$200,000.

Harbor Electric Energy Company (HEEC)

The FY16 Proposed Budget includes \$1.9 million for the Harbor Energy Electric Company (HEEC), a decrease of \$1.3 million or 39.1%, from the FY15 Budget. This funding is for the repayment of the capital investment for the Deer Island electric cable and substation which provides electric power to the treatment plant. The significant decrease is due to contractual obligations which expire in May 2015.

Mitigation

MWRA disburses mitigation funds to communities affected by MWRA projects or facilities pursuant to MWRA's Statement of Mitigation Principles and/or specific agreements with communities. MWRA mitigation may include relieving the direct impacts of construction, meeting environmental and regulatory requirements, long-term operating agreements, or community compensation for impacts over and above those addressed by other mitigation. In rare situations, where the extent and duration of the impact of a project or facility on a community is such that restoring the area to its pre-project state is insufficient to relieve the stress of MWRA's presence during the project, MWRA funds or contributes to improvements to affected areas.

Mitigation expenses are funded in the capital budget and in the current expense budget. The FY16 Proposed Budget includes funding of \$1.4 million in potential community compensation for the City of Quincy and the Town of Winthrop. Both mitigation agreements expire in FY15.

Operating Reserves

The FY16 Proposed Budget includes \$962,000 for the Operating Reserve, an increase of \$479,000 from the FY15 Budget. The Operating Reserve balance is in compliance with MWRA General Bond Resolution which requires a balance of one-sixth of annual operating expenses. Based on the FY16 Proposed Budget, the required balance is \$40.4 million versus the \$39.5 million required in FY15.

Retirement System Contribution

The FY16 Proposed Budget includes \$8.2 million for the Retirement Fund, an increase of \$351,000 or 4.5%, over the FY15 Budget. This funding of \$8.2 million represents the minimum required contribution for FY16 based on the most recent actuarial evaluation of January 1, 2013.

GASB 45 – Accounting and Reporting by Employers for Postemployment Benefits Other than Pensions

The Authority has complied with the GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB)*, by disclosing this liability in the year-end Financial Statements. As part of the multi-year strategy to address its unfunded liabilities for OPEB and pension holistically, the Board approved a plan to pay down our pension liability and upon reaching full funding, move to address the OPEB obligation. This strategy was employed in the FY08-15 budgets (although temporarily halted in FY11 to achieve a 1.5% rate increase). In continuation of the Authority’s long-term commitment to address its liabilities, \$5.1 million is included for Additional Pension Fund/OPEB deposit in the FY16 Proposed Budget. Staff will be recommending the establishment of an OPEB Trust before finalizing the FY16 Budget.

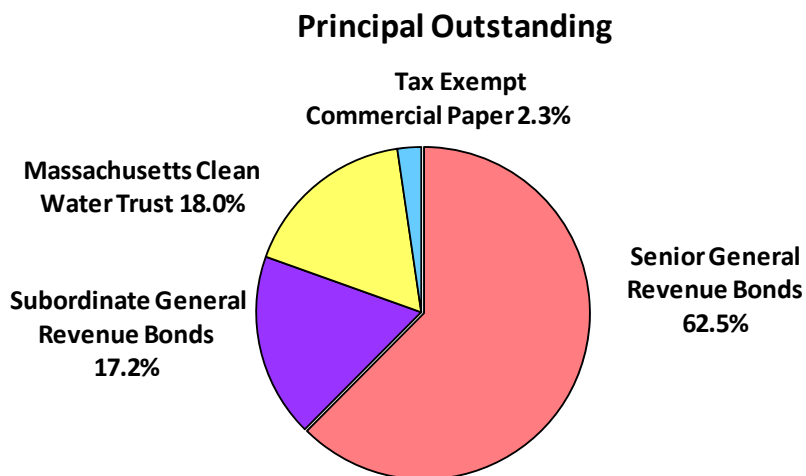
Capital Financing

Outstanding Debt and Debt Management

The \$7.9 billion spent on MWRA’s modernization efforts to date, has relied heavily on debt financing. Total debt as of December 31, 2014 was \$5.6 billion consisting of senior and subordinated debt, as well as Tax-Exempt Commercial Paper. The MWRA enjoys strong unenhanced senior debt ratings of Aa1, AA+, and AA+ from Moody’s, Standard & Poor, and Fitch, respectively.

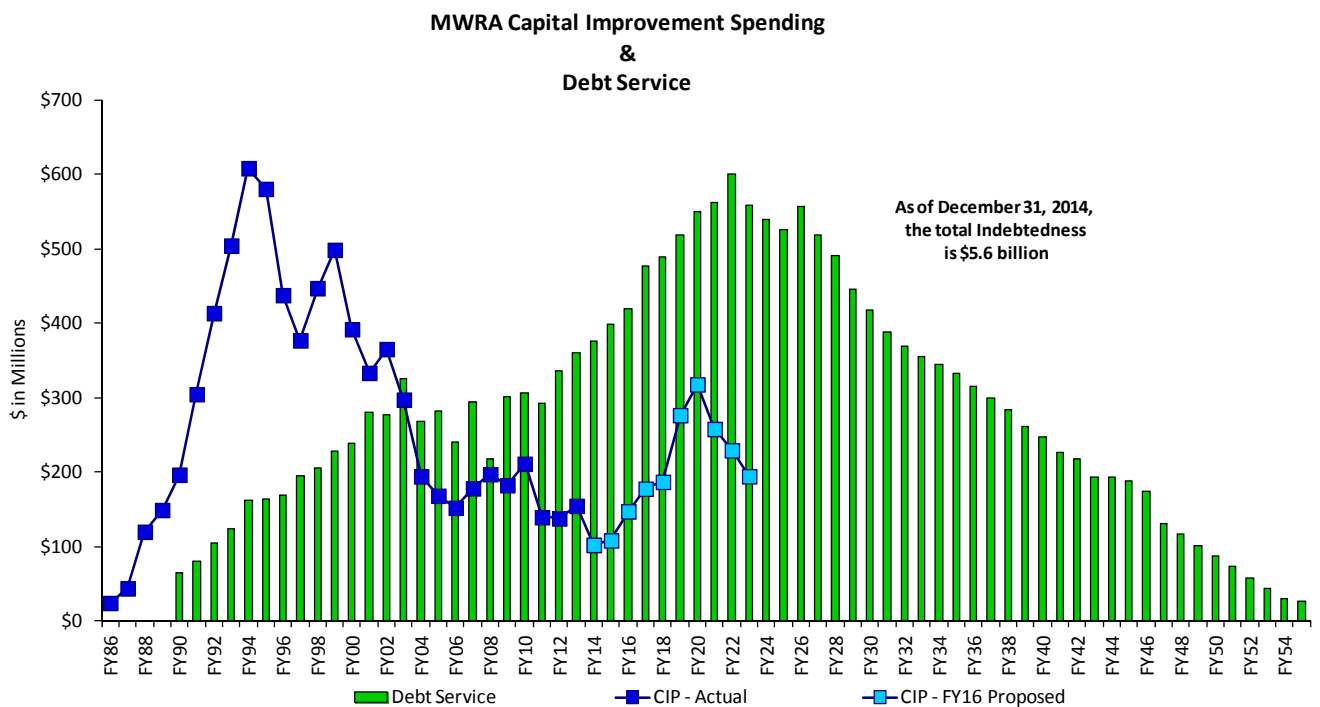
| Type | Principal Outstanding December 31, 2014 | % of Total |
|-----------------------------------|--------------------------------------------|---------------|
| Senior General Revenue Bonds | \$ 3,494,415,000 | 62.5% |
| Massachusetts Clean Water Trust | 1,007,110,003 | 18.0% |
| Subordinate General Revenue Bonds | 963,370,000 | 17.2% |
| Tax Exempt Commercial Paper | 130,000,000 | 2.3% |
| Total | \$ 5,594,895,003 | 100.0% |

80.5% of MWRA's Debt is Fixed Rate



The following graph was updated with The FY16 Proposed CIP spending and debt service projections to illustrate the relationship between the MWRA’s CIP and debt service.

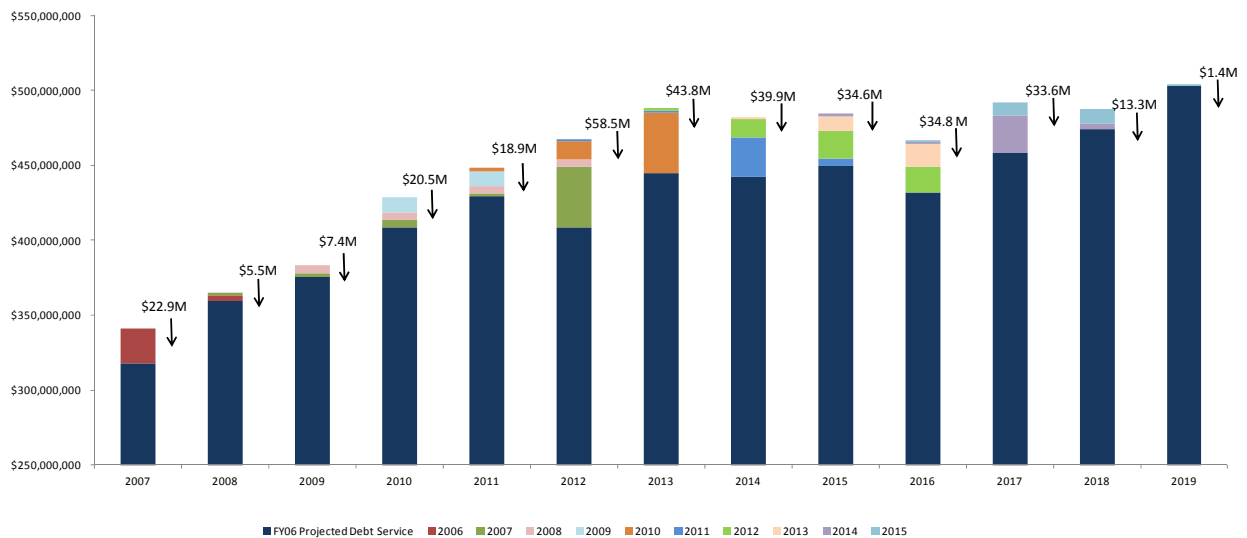
Over the past 25 years, MWRA has been focused on construction of new water and sewer facilities, many of which had been neglected for years, to bring the system into regulatory compliance. These efforts relied heavily on debt financing. Going forward, the majority of capital spending will be geared towards asset protection and water redundancy initiatives. As indicated above, as of December 31, 2014 MWRA’s total debt was \$5.6 billion which relate to the significant increases in debt service obligations in the upcoming years. The Authority’s debt service obligation as a percent of total expenses has increased from 36% in 1990 to over 61% in the FY16 Proposed Budget, thus continuing to be the largest challenge for the Authority to manage assessments in future years.



MWRA has reached a significant milestone as total bonded indebtedness is being reduced by paying off more principal on debt than the annual projected borrowings.

MWRA continues to actively manage its debt structure to take advantage of favorable interest rates. Tools used by the MWRA to lower borrowing costs and manage rates include current and advanced refunding of outstanding debt, maximizing the use of the subsidized State Revolving Fund (SRF) debt, and the use of surplus revenues to defease debt. The MWRA also uses Tax-Exempt Commercial Paper to minimize the financing cost of construction in process. Since 2006, the Authority has used these tools to defease over \$335 million in debt as illustrated on the graph on the next page.

Impact of Defeasances



The FY16 Proposed Budget capital financing costs total \$435.7 million and remain the largest portion of the MWRA's budget and includes a targeted defeasance which will reduce debt service by approximately \$903,000 in FY16, \$8.6 million in FY17, \$9.6 million in FY18, and \$1.4 million in FY19.

The FY16 Proposed Budget assumes a 3.25% interest rate for variable rate debt which is the same level as in FY15. The Authority's variable rate debt assumption is comprised of three separate elements: the interest rate for the daily and weekly series; liquidity fees for the Standby Bond Purchase Agreement, Letter of Credit, and Direct Purchase providers; and remarketing fees. While MWRA continues to experience unusually low interest rates, they are not reflective of historical averages and there is no guarantee that rates will stay low.

The FY16 Proposed Budget capital financing costs increased by \$25.9 million or 6.3% compared to the FY15 Budget. This increase in the MWRA's debt service is the result of projected FY16 issuances and the additional \$6.7 million Community Obligation and Reserve Enhancement (CORE) fund deposit requirement partially offset by the impact of the projected defeasance and the planned use of \$3.5 million Bond Redemption reserve. The FY16 Proposed capital financing budget includes:

- \$283.4 million in principal and interest payments on MWRA's senior fixed rate bonds. This amount includes \$6.5 million to support issuances of \$100 million in June 2015 and \$1.8 million to support issuances of \$100 million of new money in June 2016. It also includes the \$903,000 reduction for the effect of the planned FY15 defeasance;
- \$49.2 million in principal and interest payments on subordinate bonds;
- \$81.4 million in principal and interest payments on SRF loans. This amount includes \$5.4 million to support issuances of \$12.0 million in Spring 2015 and \$42.5 million in 2016;

- \$11.2 million to fund ongoing capital projects with current revenue and to meet coverage requirements;
- \$4.1 million to fund the interest expense related to the Local Water Pipeline Assistance Program;
- \$3.2 million for the Chelsea Lease; and
- \$6.7 million for FY16 additional CORE deposit. The CORE fund requirement is equal to 10% of the Senior Debt Service for the fiscal year per the Bond Resolution.

The table below provides detail on The FY16 Proposed Budget capital financing line item. It further illustrates how upgrading the sewerage system has dominated the capital program to date. Current and future borrowings increasingly support improvements to the water system. A complete list of the Authority's indebtedness by series is presented in Appendix F.

| FY16 Proposed Current Expense Budget - Capital Financing Detail (as of 12/31/14) | | | | |
|-----------------------------------------------------------------------------------------|---------------------------|---------------------------------|-----------------|-----------------|
| \$ in Millions | | | | |
| | Amount Outstanding | Total FY16 Capital Costs | Sewer | Water |
| Total SRF ¹ Debt | \$ 1,007.1 | \$ 81.4 | \$ 63.5 | \$ 17.9 |
| Total Senior Debt | 3,494.4 | 283.4 | 179.6 | 103.8 |
| Total Subordinate Debt | 963.4 | 49.2 | 34.8 | 14.4 |
| Total SRF and Debt Service² | \$ 5,464.9 | \$ 414.0 | \$ 278.0 | \$ 136.0 |
| Water Pipeline Commercial Paper | \$ 130.0 | \$ 4.1 | \$ - | 4.1 |
| Current Revenue/Capital ³ | | 11.2 | 11.2 | 0.0 |
| Capital Lease | | 3.2 | 2.0 | 1.3 |
| CORE Fund Deposit | | 6.7 | 5.0 | 1.6 |
| | 130.0 | \$25.2 | \$18.2 | \$7.0 |
| Total Capital Financing (before Debt Service Offsets) | \$ 5,594.9 | \$ 439.2 | \$ 296.2 | \$ 143.1 |
| Debt Service Offsets: | | | | |
| Debt Service Assistance | | 0.0 | 0.0 | 0.0 |
| Bond Redemption | | (3.5) | 0.0 | (3.5) |
| Total Capital Financing | \$ 5,594.9 | \$ 435.7 | \$ 296.2 | \$ 139.5 |

¹ SRF debt service payments reflect net MWRA obligations after state and federal subsidies.

² Numbers may not add due to rounding.

³ Current Revenue/Capital is revenue used to fund ongoing capital projects.

Community Profile and Assessments

MWRA provides wholesale water and sewer services to 61 communities or local bodies. Fifty-one local bodies purchase water supply services, and 45 local bodies purchase wastewater transport and treatment services. Thirty-five local bodies purchase both. Approximately 2.9 million people, or 43%

of the population of Massachusetts, live and work in the communities that purchase water and/or wastewater services from MWRA.

MWRA's largest single customer is the Boston Water and Sewer Commission (BWSC), which provides retail services in the City of Boston. In the FY16 Proposed Budget, rate revenue from BWSC will account for 31% of MWRA's total rate revenue. The table on page I-19, lists MWRA communities, the services received, and the preliminary MWRA assessments for FY16.

Each year MWRA determines preliminary wholesale water and sewer assessments in February and final assessments in June before the beginning of the new fiscal year. These assessments must satisfy the statutory requirement that MWRA fully recover its budgeted water and sewer costs by apportioning net costs among its wholesale water and sewer customers.

The table on page I-20 presents the calculation of MWRA's FY16 Proposed Rate Revenue Requirement. The table shows that most of MWRA's current expenses are directly attributable to either water or sewer service costs, or to investment in the water or sewer systems. Expenses that support both systems are allocated to water or sewer assessments based on generally accepted cost allocation principles. Investment Income and Other Revenues offset water and sewer expenses. The resulting net cost of water and sewer services is the amount MWRA recovers through water and sewer assessments.

Wholesale Assessment Methodology

MWRA calculates separate user assessments for water and sewer services. Budgeted water operating and capital costs are allocated based on each community's share of total water use for the most recent calendar year. The sewer assessment methodology allocates budgeted operating and maintenance costs based on share of wastewater flow and strength parameters, and capital costs based on proportion of maximum flow, strength, and population. MWRA uses three-year averaging of wastewater flows to calculate the flow-related components of wholesale sewer assessments. Flow averaging moderates the short-term impact of year-to-year changes in community flow, but does not eliminate the long-term impact of changes in each community's relative contribution to the total flow.

| MWRA Fully Served Water and Sewer Customers | Final FY15 Water Assessment | Preliminary FY16 Water Assessment | Percent Change from FY15 | Final FY15 Sewer Assessment | Preliminary FY16 Sewer Assessment | Percent Change from FY15 | Final FY15 Combined Assessment | Preliminary FY16 Combined Assessment | Dollar Change from FY15 | Percent Change from FY15 |
|---------------------------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|-----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|
| ARLINGTON | \$4,555,760 | \$4,724,970 | 3.7% | \$7,726,704 | \$7,777,963 | 0.7% | \$12,282,464 | \$12,502,933 | \$220,469 | 1.8% |
| BELMONT | 2,582,348 | 2,674,576 | 3.6% | 4,664,723 | 4,672,173 | 0.2% | 7,247,071 | 7,346,749 | 99,678 | 1.4% |
| BOSTON (BWSC) | 75,628,730 | 80,205,208 | 6.1% | 128,143,674 | 131,031,021 | 2.3% | 203,772,404 | 211,236,229 | 7,463,825 | 3.7% |
| BROOKLINE | 6,529,438 | 6,910,863 | 5.8% | 12,542,458 | 12,766,668 | 1.8% | 19,071,896 | 19,677,531 | 605,635 | 3.2% |
| CHELSEA | 3,782,023 | 4,155,184 | 9.9% | 7,256,657 | 7,532,951 | 3.8% | 11,038,680 | 11,688,135 | 649,455 | 5.9% |
| EVERETT | 4,611,174 | 4,636,654 | 0.6% | 7,816,187 | 8,086,149 | 3.5% | 12,427,361 | 12,722,803 | 295,442 | 2.4% |
| FRAMINGHAM | 7,583,720 | 8,243,826 | 8.7% | 11,278,349 | 12,015,537 | 6.5% | 18,862,069 | 20,259,363 | 1,397,294 | 7.4% |
| LEXINGTON | 6,035,866 | 6,695,144 | 10.9% | 7,177,414 | 7,041,716 | -1.9% | 13,213,280 | 13,736,860 | 523,580 | 4.0% |
| MALDEN | 6,273,748 | 6,941,818 | 10.8% | 12,260,112 | 12,566,842 | 2.5% | 18,533,860 | 19,508,660 | 974,800 | 5.3% |
| MEDFORD | 5,979,858 | 6,432,009 | 7.6% | 11,075,116 | 11,471,905 | 3.6% | 17,054,974 | 17,903,914 | 848,940 | 5.0% |
| MELROSE | 2,650,477 | 2,853,930 | 7.7% | 5,945,198 | 6,117,066 | 2.9% | 8,595,675 | 8,970,996 | 375,321 | 4.4% |
| MILTON | 2,854,051 | 3,156,824 | 10.6% | 5,025,212 | 5,070,253 | 0.9% | 7,879,263 | 8,227,077 | 347,814 | 4.4% |
| NEWTON | 10,437,524 | 12,205,271 | 16.9% | 20,176,404 | 19,913,184 | -1.3% | 30,613,928 | 32,118,455 | 1,504,527 | 4.9% |
| NORWOOD | 3,277,568 | 3,755,101 | 14.6% | 6,492,751 | 6,789,515 | 4.6% | 9,770,319 | 10,544,616 | 774,297 | 7.9% |
| QUINCY | 10,605,214 | 11,918,042 | 12.4% | 19,001,720 | 19,686,485 | 3.6% | 29,606,934 | 31,604,527 | 1,997,593 | 6.7% |
| READING | 1,931,410 | 2,032,766 | 5.2% | 4,642,124 | 4,671,679 | 0.6% | 6,573,534 | 6,704,445 | 130,911 | 2.0% |
| REVERE | 4,484,031 | 5,013,281 | 11.8% | 10,193,891 | 10,366,795 | 1.7% | 14,677,922 | 15,380,076 | 702,154 | 4.8% |
| SOMERVILLE | 6,896,106 | 7,060,400 | 2.4% | 14,845,808 | 15,745,677 | 6.1% | 21,741,914 | 22,806,077 | 1,064,163 | 4.9% |
| STONEHAM | 3,490,972 | 3,381,301 | -3.1% | 4,477,065 | 4,474,659 | -0.1% | 7,968,037 | 7,855,960 | (112,077) | -1.4% |
| WALTHAM | 8,061,502 | 8,631,171 | 7.1% | 12,953,820 | 12,810,555 | -1.1% | 21,015,322 | 21,441,726 | 426,404 | 2.0% |
| WATERTOWN | 3,096,347 | 3,392,382 | 9.6% | 5,774,673 | 5,818,931 | 0.8% | 8,871,020 | 9,211,313 | 340,293 | 3.8% |
| WINTHROP | 1,454,285 | 1,629,550 | 12.1% | 3,221,355 | 3,216,131 | -0.2% | 4,675,640 | 4,845,681 | 170,041 | 3.6% |
| TOTAL | \$182,802,152 | \$196,650,271 | 7.6% | \$322,691,415 | \$329,643,855 | 2.2% | \$505,493,567 | \$526,294,126 | \$20,800,559 | 4.1% |

| MWRA Sewer and Partial Water Customers | Final FY15 Water Assessment | Preliminary FY16 Water Assessment | Percent Change from FY15 | Final FY15 Sewer Assessment | Preliminary FY16 Sewer Assessment | Percent Change from FY15 | Final FY15 Combined Assessment | Preliminary FY16 Combined Assessment | Dollar Change from FY15 | Percent Change from FY15 |
|----------------------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|-----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|
| CANTON | \$991,292 | \$1,286,728 | 29.8% | \$3,547,316 | \$3,974,315 | 12.0% | \$4,538,608 | \$5,261,043 | \$722,435 | 15.9% |
| NEEDHAM | 1,193,697 | 1,012,962 | -15.1% | 5,466,144 | 5,462,757 | -0.1% | 6,659,841 | 6,475,719 | (184,122) | -2.8% |
| STOUGHTON | 931,975 | 1,106,344 | 18.7% | 4,391,426 | 4,437,776 | 1.1% | 5,323,401 | 5,544,120 | 220,719 | 4.1% |
| WAKEFIELD | 1,611,741 | 1,855,071 | 15.1% | 5,594,367 | 5,620,371 | 0.5% | 7,206,108 | 7,475,442 | 269,334 | 3.7% |
| WELLESLEY | 1,379,407 | 852,477 | -38.2% | 5,333,992 | 5,332,301 | 0.0% | 6,713,399 | 6,184,778 | (528,621) | -7.9% |
| WILMINGTON | 363,646 | 353,379 | -2.8% | 2,353,306 | 2,511,204 | 6.7% | 2,716,952 | 2,864,583 | 147,631 | 5.4% |
| WINCHESTER | 1,253,400 | 1,234,222 | -1.5% | 3,867,732 | 3,907,978 | 1.0% | 5,121,132 | 5,142,200 | 21,068 | 0.4% |
| WOBURN | 3,032,534 | 3,091,283 | 1.9% | 9,535,730 | 9,607,871 | 0.8% | 12,568,264 | 12,699,154 | 130,890 | 1.0% |
| TOTAL | \$10,757,692 | \$10,792,466 | 0.3% | \$40,090,013 | \$40,854,573 | 1.9% | \$50,847,205 | \$51,647,039 | \$799,334 | 1.6% |

| MWRA Sewer-only Customers | Final FY15 Water Assessment | Preliminary FY16 Water Assessment | Percent Change from FY15 | Final FY15 Sewer Assessment | Preliminary FY16 Sewer Assessment | Percent Change from FY15 | Final FY15 Combined Assessment | Preliminary FY16 Combined Assessment | Dollar Change from FY15 | Percent Change from FY15 |
|---------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|-----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|
| ASHLAND | | | | \$2,310,206 | \$2,402,805 | 4.0% | \$2,310,206 | \$2,402,805 | \$92,599 | 4.0% |
| BEDFORD | | | | 3,085,246 | 3,233,248 | 4.8% | 3,085,246 | 3,233,248 | 148,002 | 4.8% |
| BRAINTREE | | | | 8,363,839 | 8,594,900 | 2.8% | 8,363,839 | 8,594,900 | 231,061 | 2.8% |
| BURLINGTON | | | | 4,943,181 | 4,955,626 | 0.3% | 4,943,181 | 4,955,626 | 12,445 | 0.3% |
| CAMBRIDGE | | | | 22,157,757 | 23,516,196 | 6.1% | 22,157,757 | 23,516,196 | 1,358,439 | 6.1% |
| DEDHAM | | | | 5,024,472 | 5,115,876 | 1.8% | 5,024,472 | 5,115,876 | 91,404 | 1.8% |
| HINGHAM SEWER DISTRICT | | | | 1,651,545 | 1,700,751 | 3.0% | 1,651,545 | 1,700,751 | 49,206 | 3.0% |
| HOLBROOK | | | | 1,594,287 | 1,674,563 | 5.0% | 1,594,287 | 1,674,563 | 80,276 | 5.0% |
| NATICK | | | | 5,330,710 | 5,583,012 | 4.7% | 5,330,710 | 5,583,012 | 252,302 | 4.7% |
| RANDOLPH | | | | 5,931,064 | 6,073,281 | 2.4% | 5,931,064 | 6,073,281 | 142,217 | 2.4% |
| WALPOLE | | | | 3,509,806 | 3,595,218 | 2.4% | 3,509,806 | 3,595,218 | 85,412 | 2.4% |
| WESTWOOD | | | | 2,426,073 | 2,477,036 | 2.1% | 2,426,073 | 2,477,036 | 50,963 | 2.1% |
| WEYMOUTH | | | | 10,972,561 | 11,201,183 | 2.1% | 10,972,561 | 11,201,183 | 228,622 | 2.1% |
| TOTAL | | | | \$77,300,747 | \$80,123,695 | 3.7% | \$77,300,747 | \$80,123,695 | \$2,822,948 | 3.7% |

| MWRA Water-only Customers | Final FY15 Water Assessment | Preliminary FY16 Water Assessment | Percent Change from FY15 | Final FY15 Sewer Assessment | Preliminary FY16 Sewer Assessment | Percent Change from FY15 | Final FY15 Combined Assessment | Preliminary FY16 Combined Assessment | Dollar Change from FY15 | Percent Change from FY15 |
|---------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|-----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|
| LYNNFIELD WATER DISTRICT | \$490,333 | \$614,185 | 25.3% | | | | \$490,333 | \$614,185 | \$123,852 | 25.3% |
| MARBLEHEAD | 2,101,639 | 2,278,325 | 8.4% | | | | 2,101,639 | 2,278,325 | 176,686 | 8.4% |
| NAHANT | 382,274 | 425,527 | 11.3% | | | | 382,274 | 425,527 | 43,253 | 11.3% |
| SAUGUS | 3,202,440 | 3,645,083 | 13.8% | | | | 3,202,440 | 3,645,083 | 442,643 | 13.8% |
| SOUTHBOROUGH | 765,656 | 850,020 | 11.0% | | | | 765,656 | 850,020 | 84,364 | 11.0% |
| SWAMPSCOTT | 1,782,932 | 1,827,959 | 2.5% | | | | 1,782,932 | 1,827,959 | 45,027 | 2.5% |
| WESTON | 1,993,015 | 2,240,675 | 12.4% | | | | 1,993,015 | 2,240,675 | 247,660 | 12.4% |
| TOTAL | \$10,718,289 | \$11,881,774 | 10.9% | | | | \$10,718,289 | \$11,881,774 | \$1,163,485 | 10.9% |

| MWRA Partial Water-only Customers | Final FY15 Water Assessment | Preliminary FY16 Water Assessment | Percent Change from FY15 | Final FY15 Sewer Assessment | Preliminary FY16 Sewer Assessment | Percent Change from FY15 | Final FY15 Combined Assessment | Preliminary FY16 Combined Assessment | Dollar Change from FY15 | Percent Change from FY15 |
|-----------------------------------|-----------------------------|-----------------------------------|--------------------------|-----------------------------|-----------------------------------|--------------------------|--------------------------------|--------------------------------------|-------------------------|--------------------------|
| DEDHAM-WESTWOOD WATER DISTRICT | \$49,042 | \$305,532 | 523.0% | | | | \$49,042 | \$305,532 | \$256,490 | 523.0% |
| LYNN (LWSC) | 209,723 | 264,873 | 26.3% | | | | 209,723 | 264,873 | 55,150 | 26.3% |
| MARLBOROUGH | 3,433,407 | 3,894,026 | 13.4% | | | | 3,433,407 | 3,894,026 | 460,619 | 13.4% |
| NORTHBOROUGH | 1,044,206 | 1,103,542 | 5.7% | | | | 1,044,206 | 1,103,542 | 59,336 | 5.7% |
| PEABODY | 1,219,096 | 1,480,393 | 21.4% | | | | 1,219,096 | 1,480,393 | 261,297 | 21.4% |
| TOTAL | \$5,955,474 | \$7,048,366 | 18.4% | | | | \$5,955,474 | \$7,048,366 | \$1,092,892 | 18.4% |
| SYSTEMS TOTAL | \$210,233,607 | \$226,372,877 | 7.7% | \$440,082,175 | \$450,622,123 | 2.4% | \$650,315,782 | \$676,995,000 | \$26,679,218 | 4.1% |

Retail Charges

As noted above, MWRA provides water and sewer services to communities on a wholesale basis. Each community then re-sells services on a retail basis. As a result, household water and sewer charges include each household's share of the community's MWRA water and sewer assessments, plus the community's own charges for the provision of local water and sewer services.

Each community independently establishes retail rates. When establishing local rates, community officials consider issues related to the pricing of services, level of cost recovery, and the local rate structure or methodology. Several factors contribute to a broad range of local rate structures in the MWRA service area:

- Differences in the extent to which water and sewer costs are supported through property taxes and other sources of revenue;
- Differences in the means by which communities finance investments in their own water and sewer systems; and
- Differences in communities' retail rate methodologies.

Some communities have flat unit rates, while others have inclining block rates. Local rates may also provide for differentials among classes of users, such as higher rates for commercial or industrial users, abatements to low-income or elderly residents, and adjusted sewer rates for customers with second meters used for lawn irrigation.

Additional information on rate structure within the member communities is available on the MWRA Advisory Board website as part of its annual retail rate survey.

Calculation of the FY16 Proposed Rate Revenue Requirement (000's)

| | Sewer | Water | Total |
|-----------------------------|-----------|-----------|-----------|
| Allocated Direct Expenses | \$151,511 | \$72,246 | \$223,756 |
| Allocated Indirect Expenses | \$13,700 | \$34,053 | \$47,753 |
| PLUS | | | |
| Capital Expenses: | | | |
| Debt Service (less offsets) | \$277,959 | \$132,496 | \$410,455 |
| Current Revenue for Capital | \$11,200 | \$0 | \$11,200 |
| Other Capital Expenses | \$6,979 | \$7,051 | \$14,029 |
| PLUS | | | |
| Non-Rate Revenue: | | | |
| Investment Income | -\$5,335 | -\$4,161 | -\$9,496 |
| Fees and Other Revenue | -\$5,391 | -\$15,311 | -\$20,702 |
| Rate Stabilization | \$0 | \$0 | \$0 |
| EQUALS | | | |
| Rate Revenue Requirement | \$450,622 | \$226,373 | \$676,995 |

Revenue and Expenditure Trends

Because MWRA is required by its enabling act to balance its budget and to establish annual assessments to cover all expenses, revenue must change as expenses are changing each year. The Rate Revenue Requirement in any year is the difference between MWRA expenses and other revenue sources, most notably non-rate revenue, investment income, and debt service assistance from the Commonwealth (which directly reduces debt service expense). For FY16, community assessments are projected to represent 95.7% of total revenue.

MWRA’s planning estimates are projections based on a series of assumptions about future spending (operating and capital), interest rates, inflation, and other factors. MWRA uses the planning estimates to model and project what future rate increases might be based upon these assumptions, as well as to test the impact of changes to assumptions on future rate increases. The planning estimates are not predictions of what rate increases will be but rather they provide the context and framework for guiding MWRA financial policy and management decision making that ultimately determine the level of actual rate increases on an annual basis. Conservative projections of future rate increases benefit the MWRA by providing assurance to the rating agencies that MWRA anticipates to raise revenues sufficient to pay for its operations and outstanding debt obligations now and over the long-term. Additionally, conservative forecasts of rate revenue increases enable member communities to adequately plan and budget for future payments to MWRA. However, the Authority continues to tighten certain planning estimate assumptions for future years and has limited annual capital spending to \$160.0 million.

MWRA also updates its estimates of anticipated revenues and expenses over a multi-year planning horizon. These estimates provide a context for budget discussions and allow MWRA to consider multiple-year rates management implications and strategies as it evaluates alternative capital and operating budget options, the ultimate goal being sustainable and predictable assessment increases.

The table below and Appendix D (in more detail) present future rate revenue requirements for FY16 through FY25. The planning estimates shown below assume use of Rate Stabilization and Bond Redemption reserves through FY2022 to manage the rate increases and no Debt Service Assistance from the Commonwealth. For planning purposes, the yearly use of combined reserves is currently limited to a maximum of \$12.0 million. Approximately \$70.0 million of Debt Service Reserve release benefit is included in the planning estimates.

| Rates & Budget Projections | | | | | | | | | | | |
|-----------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|
| FY16 Proposed CEB | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
| Total Rate Revenue (\$000) | \$650,316 | \$676,995 | \$703,325 | \$731,881 | \$763,887 | \$813,625 | \$828,382 | \$868,695 | \$840,074 | \$825,613 | \$804,628 |
| Rate Revenue Change from Prior Year (\$000) | \$ 21,595 | \$ 26,679 | \$ 26,330 | \$ 28,556 | \$ 32,006 | \$ 49,738 | \$ 14,757 | \$ 40,313 | \$ (28,621) | \$ (14,460) | \$ (20,986) |
| Rate Revenue Increase | 3.4% | 4.1% | 3.9% | 4.1% | 4.4% | 6.5% | 1.8% | 4.9% | -3.3% | -1.7% | -2.5% |
| Use of Reserves (\$000) | \$ 6,746 | \$ 3,547 | \$ 7,951 | \$ 10,003 | \$ 5,981 | \$ 12,000 | \$ 11,138 | \$ 12,000 | \$ - | \$ - | \$ - |
| Estimated Household Bill | | | | | | | | | | | |
| Based on annual water usage of 61,000 gallons | \$1,007 | \$1,057 | \$1,103 | \$1,158 | \$1,211 | \$1,278 | \$1,330 | \$1,397 | \$1,429 | \$1,463 | \$1,492 |
| Based on annual water usage of 90,000 gallons | \$1,486 | \$1,560 | \$1,627 | \$1,709 | \$1,786 | \$1,886 | \$1,963 | \$2,061 | \$2,108 | \$2,159 | \$2,201 |

Increasing debt service to pay down and finance the capital improvement program is the most important factor driving estimates of future budget increases. Over the past several years MWRA's Tax-Exempt Commercial Paper program, debt refinancing, federal grants, SRF loans, and Commonwealth debt service assistance have mitigated the impact on ratepayers of new capital spending. However, new water system improvements, for which there are fewer non-ratepayer sources of funding, and the impact of new financing will increase MWRA capital financing costs over the next several years.

MWRA employs rates management tools where available (e.g. refunding for savings, extended maturities on future borrowings, variable rate debt, and increased use of Tax-Exempt Commercial Paper) to help cushion and smooth the growth in capital financing expenses. Despite these initiatives, the size of the capital program will unavoidably continue to drive increases in community assessments.

The second largest budget factor is projected growth of base operating costs. The estimated \$60.7 million increase in direct expenses from FY16 to FY25 is primarily the result of an assumed annual inflation rate.

MWRA's planning estimates are projections based on a series of assumptions about future spending (operating and capital), interest rates, inflation, and other factors. The assumptions include:

- Direct expense inflation rate of 2.5% for salaries and 3.0% for other direct expenses starting in FY17;
- CIP inflation rate of 2.5%;
- Capital spending based on the latest CIP expenditure forecast up to FY18, and spending is capped at \$160 million per year starting in FY19;
- Long-term fixed rate debt issues with 30-year terms and 5.0% interest rates in FY16, 5.5% rates in FY17, 5.75% rates in FY18 and 6.0% rates from FY19 and beyond;
- Variable rate interest projected at 3.25% in FY16, 3.50% in FY17, 3.75% in FY18, and 4.0% thereafter.

The planning estimates generally use conservative assumptions to help communities plan for future payments to MWRA.

There are several areas where differences from planning estimate assumptions may alter projected increases:

- Changes in anticipated borrowing rates or expected investment income rates;
- The planning estimates do not factor in any positive year-end variances which may be used to defease debt or reserved to offset Rate Revenue Requirements in future years;

- Fewer opportunities for SRF borrowing than expected due to Federal Budget cuts; a dollar borrowed through the SRF at 2% replaces the need to borrow a dollar long-term at an assumed 5% rate;
- Overall inflationary pressures;
- Debt refinancing opportunities;
- Capital spending; and
- Growth in direct expenses, greater than current assumptions is an area of increased concern. Many of the savings in prior years through staffing reductions, optimization of operations, and scope revisions to professional services are already reflected in the budget. More importantly, going forward the MWRA is faced with a growing need to maintain its facilities and ensure that adequate funding is available.

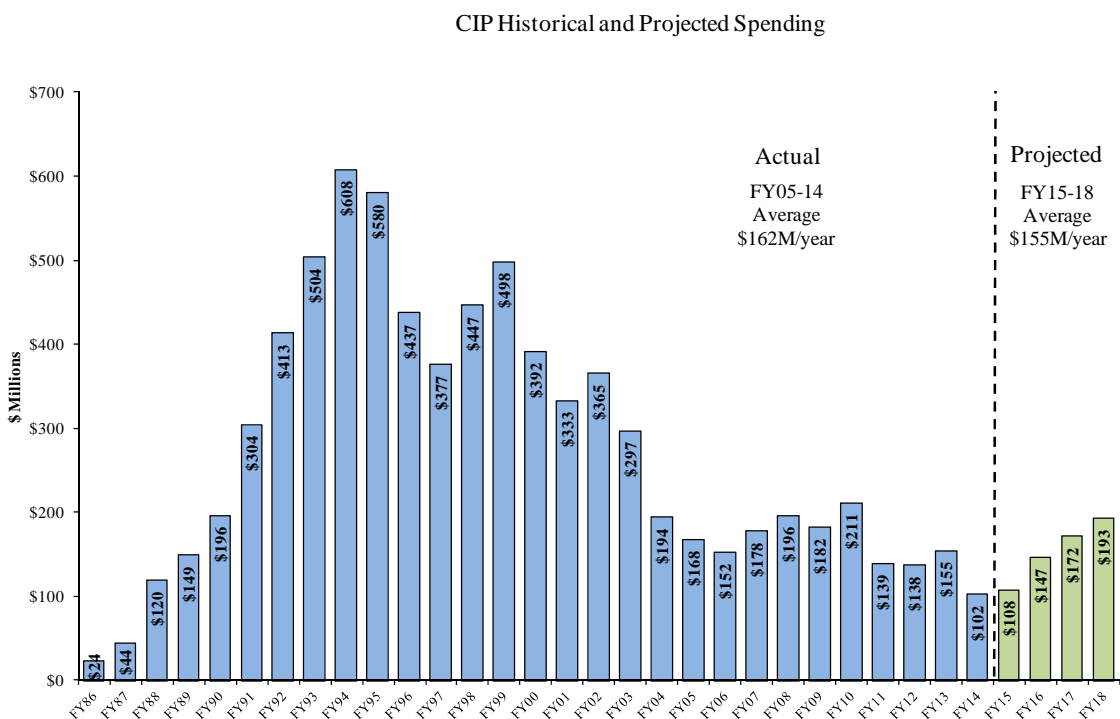
As in the past, the peak years on the next ten-year horizon regarding assessments are driven by the current debt structure. FY20 still represents a significant challenge for the Authority from a long-term rates management perspective.

The FY16 Proposed Capital Improvement Program

FY16 Proposed Capital Improvement Program (CIP) budget totals \$6.0 billion, of which approximately \$3.8 billion has been spent through FY14 with a remaining balance of \$2.2 billion. FY16 expenditures are projected at \$147.1 million.

Historical Spending

The chart below captures the historical CIP spending through FY14 and projects spending to FY18 based on the FY16 Proposed CIP.



Changing Nature of the Capital Program - Shift from Mandated Projects

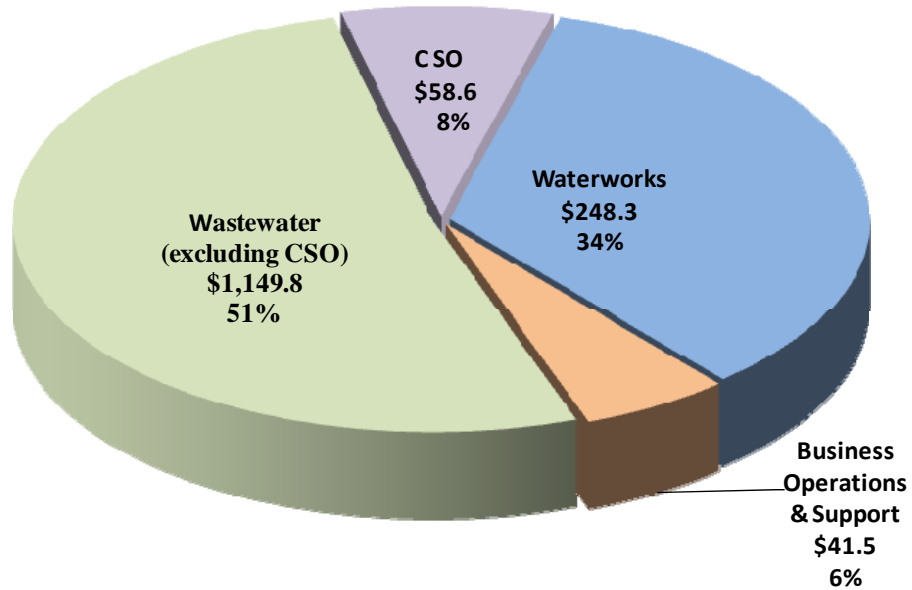
Since 1985, nearly 80% of the Authority’s spending has been on court mandated projects. Going forward, the majority of spending will support Asset Protection, Water System Redundancy, Pipeline Replacement and Rehabilitation, and continued support for Community Assistance programs. Asset Protection and Water System Redundancy spending is projected to rise from past levels and currently accounts for 57.1% and 25.3% of FY14-18 capital expenditures respectively, a total of nearly \$594.8 million of the \$721.8 million projected to be spent over the 5-year period.

| | FY09-13 | FY14-18 | FY19-23 |
|-------------------------|-----------------|-----------------|------------------|
| Asset Protection | \$ 252.0 | \$ 411.9 | \$ 788.7 |
| Carroll WTP | \$ 39.4 | \$ 14.8 | \$ 11.8 |
| Water Redundancy | \$ 138.4 | \$ 182.9 | \$ 495.2 |
| CSO | \$ 316.5 | \$ 58.6 | \$ 2.0 |
| Other | \$ 80.1 | \$ 53.7 | \$ (22.6) |
| Total | \$ 826.4 | \$ 721.8 | \$1,275.0 |
| | | | |
| Asset Protection | 30.5% | 57.1% | 61.9% |
| Carroll WTP | 4.8% | 2.0% | 0.9% |
| Water Redundancy | 16.7% | 25.3% | 38.8% |
| CSO | 38.3% | 8.1% | 0.2% |
| Other | 9.7% | 7.4% | -1.8% |
| Total | 100.0% | 100.0% | 100.0% |

Spending during the FY14-18 timeframe is projected to be \$721.8 million. Yearly cash-flows for the proposed Cap period are shown below:

| | Total Contract Amount | Payments Thru FY14 | Projected Spending | FY14 | FY15 | FY16 | FY17 | FY18 | Total FY14-18 |
|---------------------------------------|-----------------------|--------------------|--------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Wastewater System Improvements | \$2,975.6 | \$1,791.7 | \$1,183.8 | \$55.7 | \$72.0 | \$96.7 | \$110.5 | \$97.1 | \$432.0 |
| Interception & Pumping | 890.8 | 527.4 | 363.4 | 6.9 | 9.1 | 17.6 | 38.4 | 31.1 | 103.1 |
| Treatment | 776.0 | 213.8 | 562.1 | 29.1 | 28.0 | 47.8 | 47.9 | 42.8 | 195.6 |
| Residuals | 167.6 | 64.6 | 103.0 | 0.1 | - | 0.7 | 1.2 | 3.6 | 5.5 |
| CSO | 898.3 | 853.3 | 45.0 | 15.6 | 23.7 | 13.7 | 4.1 | 1.5 | 58.6 |
| Other Wastewater | 242.9 | 132.5 | 110.4 | 4.0 | 11.2 | 16.9 | 18.9 | 18.1 | 69.2 |
| | | | | | | | | | |
| Waterworks System Improvements | \$2,906.7 | \$1,915.6 | \$991.0 | \$41.0 | \$28.4 | \$41.6 | \$56.2 | \$81.1 | \$248.3 |
| Drinking Water Quality Improvements | 665.5 | 625.4 | 40.1 | 30.2 | 17.0 | 3.9 | 4.7 | 2.2 | 58.1 |
| Transmission | 1,223.5 | 759.5 | 464.0 | 4.5 | 3.9 | 21.2 | 24.1 | 32.5 | 86.1 |
| Distribution & Pumping | 948.6 | 377.5 | 571.1 | 4.8 | 8.5 | 15.6 | 27.2 | 41.2 | 97.2 |
| Other Waterworks | 69.0 | 153.2 | (84.2) | 1.5 | (1.0) | 0.9 | 0.2 | 5.2 | 6.8 |
| | | | | | | | | | |
| Business & Operations Support | 127.0 | 82.9 | 44.0 | 5.5 | 7.8 | 8.8 | 10.9 | 8.5 | 41.5 |
| Total MWRA | \$6,009.2 | \$3,790.3 | \$2,218.9 | \$102.2 | \$108.1 | \$147.1 | \$177.6 | \$186.8 | \$721.8 |

The graph below illustrates a breakdown of the major program spending for the FY14-18 timeframe.

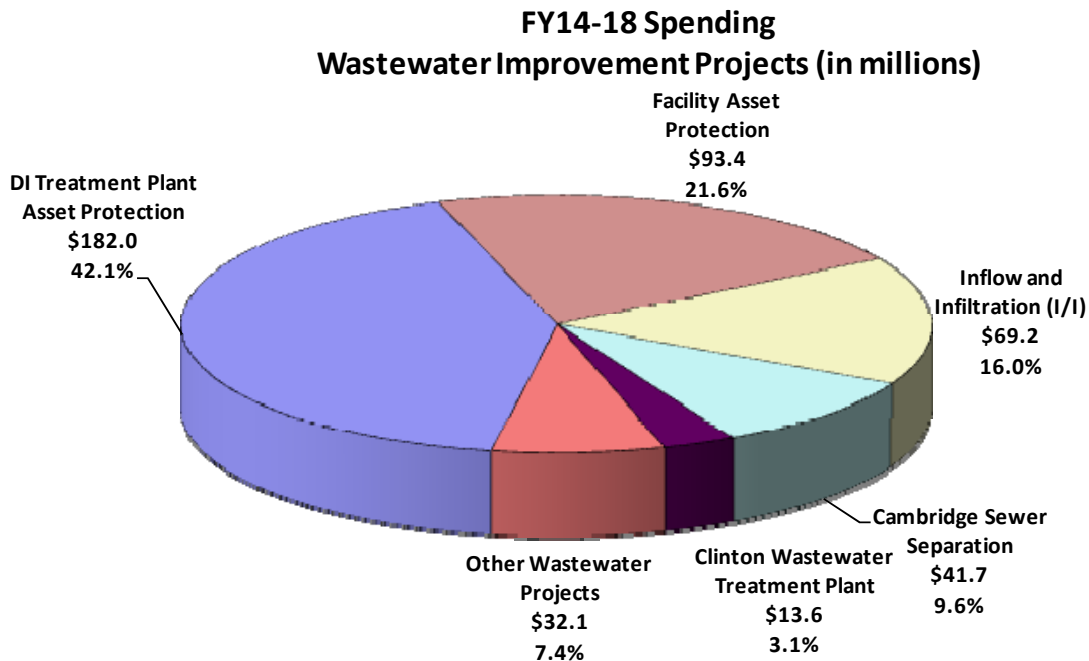


Top 10 Projects in the FY14-FY18 Cap Period

It is important to emphasize that the majority of spending within the Wastewater and Waterworks programs is concentrated in several larger projects with significant spending in the FY14-18 timeframe. These projects are either currently under construction or soon to be awarded. The top 5 projects for the Wastewater program total \$399.8 million for FY14-18 period and represent 92.5% of the \$432.0 million total program.

Wastewater Program

The breakdown of the \$432.0 million Wastewater program by major project is illustrated on the graph below:



The FY14-18 sub-phases of projects with spending greater than \$20 million along with a brief description of the scope of work are included below:

Infiltration/Inflow (I/I) Local Financial Assistance - \$69.2 million – This program provides funding assistance for communities to rehabilitate their collection systems with the goal of structurally reducing I/I flow.

Chelsea Headworks Construction - \$35.7 million (\$54.8 million total construction cost). This major rehabilitation project includes replacement/upgrade to the screens, grit collection system, grit and handling systems, odor control systems, HVAC, mechanical, plumbing and instrumentation. Solids handling systems will be automated and the building's egress and fire suppressions systems will also be upgraded.

Cambridge Sewer Separation CSO Control Program Design and Construction- \$41.7 million (\$92.1 million total costs, \$63.5 million already spent). This project encompasses the wastewater system improvements implemented by the City of Cambridge to control CSO discharges to the Alewife Brook. Completed work includes the CAM004 Stormwater Outfall and Wetland Basin, Interceptor Connection Relief and Floatables Controls, and Sewer Separation at Outfall CAM400 and contract 8A (Huron Ave West). Remaining work involves three construction contracts to separate combined sewers in a 211-acre area upstream of Outfall CAM004 in the Huron Avenue and Concord Avenue neighborhoods, east of Fresh Pond Parkway. Cambridge's contracts 8B and 9 are well underway. The

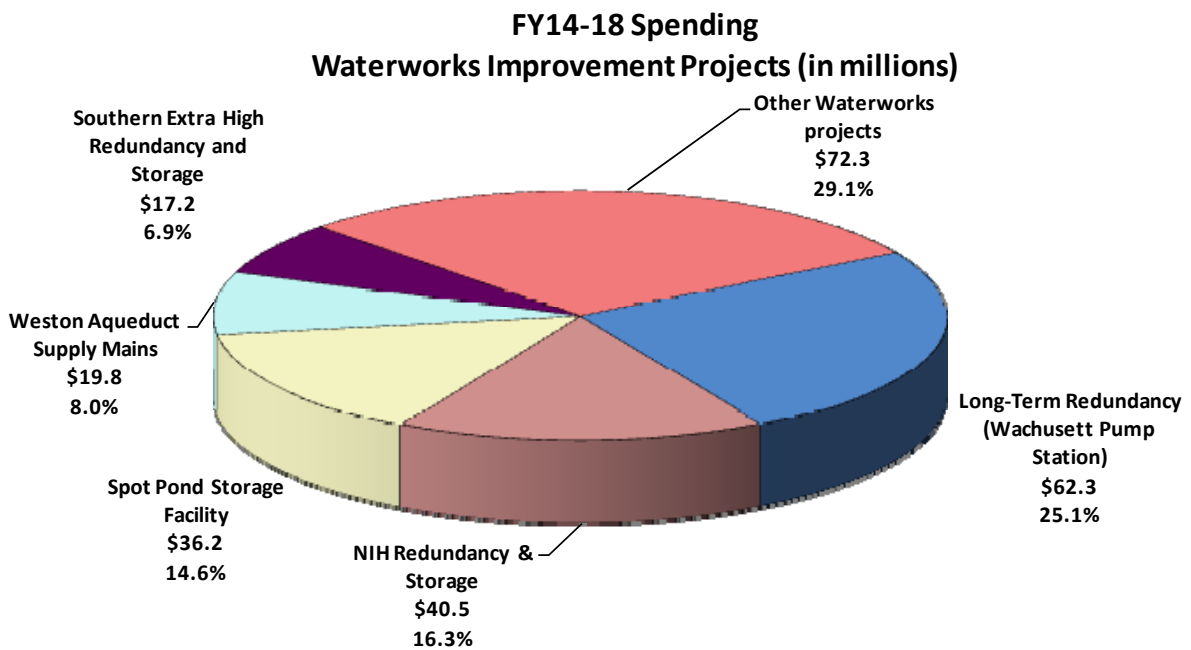
contracts will redirect stormwater removed from the system to the wetland basin and will culminate in the closing of Outfall CAM004. All work is scheduled to be complete by December 2015 in compliance with Schedule Seven of the Federal District Court Order.

Deer Island Scum Skimmer Replacement - \$20.2 million - This is an asset protection replacement project which proposes to replace degraded carbon steel tip tubes and drive mechanisms for 40 Primary Clarifier tanks and 54 Secondary Clarifier tanks with stainless steel components to improve the system reliability and overall maintenance.

Water program

Similarly, the top 5 projects for the Waterworks program total \$176.0 million for FY14-18 and represent 70.9% of the \$248.3 million total program.

The breakdown of the \$248.3 million program by major project is illustrated on the graph below:



The FY14-18 sub-phases of projects with spending greater than \$20 million along with a brief description of the scope of work are included below:

Wachusett Aqueduct Pump Station Design and Construction - \$53.9 million (\$66.6 million in total cost) - This is a redundancy project for construction of a 240 mgd emergency pump station which will provide redundancy for the Cosgrove Tunnel by pumping raw water from the Wachusett Aqueduct to the Carroll Water Treatment Plant. This project, along with the Hultman Aqueduct rehabilitation and interconnections project, will provide fully treated water transmission redundancy from the Wachusett Reservoir to the beginning of the metropolitan distribution system in Weston.

Spot Pond Storage Facilities - \$36.2 million (\$60.8 million in total cost) - This project is for the construction of a 20 million-gallon drinking water storage facility and redundant pump station in Stoneham. The underground, concrete tanks will provide drinking water storage for MWRA's Low Service area. Additionally, this project will provide system redundancy for 21 communities in the Northern Intermediate High and Northern High service areas currently served by the Gillis Pump Station.

Northern Intermediate High (NIH) Section 89 & 29 Redundancy Construction Phases 1A-C & 2 - - \$22.5 million and \$8.9 million respectively (total construction cost \$32.9 million and \$17.8 million) - This is a redundancy project for the MWRA's Northern Intermediate High service area. Currently, this area is primarily supplied by a single 48-inch diameter pipeline, the Gillis Pump Station, and water distribution storage from the Bear Hill Tank. This project proposes a new seven mile redundant pipeline under four construction phases and will provide uninterrupted water supply to the service area in the event of a failure of the existing single supply pipe and to allow the existing pipe to be removed from service for inspection, maintenance, and repair.

FY16 Proposed CIP Compared to the FY15 Final CIP by Program

The FY16 Proposed CIP increased by \$157.0 million versus the FY15 Final CIP approved by the Board of Directors in June 2014, with most of the additional spending in years outside of the current Cap period.

| | FY16 Proposed | FY15 Final | \$ Change | % Change | FY14-18 \$ Change | FY14-18 % Change |
|---------------------------------------|-------------------|-------------------|-----------------|-------------|-------------------|------------------|
| Wastewater Systems Improvements | \$ 2,975.5 | \$ 2,885.8 | \$ 89.7 | 3.0% | \$ 8.6 | 2.0% |
| Waterworks System Improvements | 2,906.7 | 2,843.7 | 63.0 | 2.2% | (46.4) | -15.7% |
| Business and Operations Support | 127.0 | 122.7 | 4.3 | 3.4% | 3.3 | 8.6% |
| Total MWRA without contingency | \$ 6,009.2 | \$ 5,852.2 | \$ 157.0 | 2.7% | \$ (34.5) | -4.6% |

The majority of the increase from the FY15 Final CIP is attributable to scope changes, updated cost estimates, and updated inflation assumptions totaling approximately \$129.8 million and the inclusion of five new project requests totaling \$27.2 million.

Future Risks

The projects listed below may change the final budget put forth for FY16 as the preferred option is not decided at this time:

- Sudbury Aqueduct – tunnel vs. surface pipeline; and
- New regulatory mandates

CIP Impact on Current Expense Budget

In addition to the annual financing costs included in the Current Expense Budget, the Capital Improvement Program affects the annual operating budget when capital facilities come on-line and require adjustments to operating budgets. In prior years, completion of the Deer Island Treatment Plant, the Carroll Water Treatment Plant, and the residuals processing facility in Quincy resulted in significant increases in operating expenses. New facilities are adding operating costs of approximately \$143,000 and MIS program related maintenance initiatives are increasing operating costs by nearly \$648,000 by FY26. These increases are offset by anticipated savings for energy initiatives at Deer Island as well as water and wastewater Alternative Energy Initiatives including solar, wind, and hydro-electric power projects which will result in energy savings of approximately \$1.3 million over the next 10 years. The following table summarizes the projected CIP impact on the operating budget by project over the next ten years, beginning in FY16.

| Fiscal Year | CEB Impacts (000) | | | | | | | | | | |
|---------------------------------------------------------------------------------------------------|-------------------|---------------|----------------|----------------|----------------|----------------|--------------|----------------|------------|------------|------------------|
| | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | Total |
| DI Treatment Plant Asset Protection (not including Co-Digestion or Combined Heat and Power Plant) | (\$278) | (\$32) | \$219 | (\$332) | (\$180) | (\$72) | \$0 | \$0 | \$0 | \$0 | (\$675) |
| DI Treatment Plant Asset Protection - Co-Digestion ONLY | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Clinton Phosphorous Removal Project | 0 | 30 | 31 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 61 |
| Wastewater Alternative Energy Projects | 0 | (133) | 0 | 0 | 0 | (406) | 0 | 0 | 0 | 0 | (539) |
| North Dorchester Bay | 0 | 371 | (382) | 0 | 0 | 0 | 430 | (443) | 0 | 0 | (24) |
| Total Wastewater (inflated) | (\$278) | \$237 | (\$133) | (\$332) | (\$180) | (\$478) | \$430 | (\$443) | \$0 | \$0 | (\$1,176) |
| Carroll Water Treatment Plant | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Quabbin Water Treatment Plant | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Wachusett Algae Treatment Facility | 0 | 0 | 0 | 0 | 41 | 42 | 0 | 0 | 0 | 0 | 82 |
| Spot Pond Storage Facility | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Water Energy Projects | 0 | (64) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (64) |
| Total Water (inflated) | \$0 | (\$64) | \$0 | \$0 | \$41 | \$42 | \$0 | \$0 | \$0 | \$0 | \$19 |
| Maximo Upgrades & Lawson Enhancements | \$0 | \$106 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$106 |
| Storage Upgrades | 0 | 106 | 109 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 215 |
| Telecommunications | 0 | 0 | 27 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 27 |
| NET 2020 DITP & Southborough | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Information Security Program | 0 | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 32 |
| Information Technology Management Program | 72 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 72 |
| Application Improvement Program | 0 | 0 | 0 | 84 | 0 | 0 | 0 | 0 | 0 | 0 | 84 |
| IT Infrastructure Program | 0 | 0 | 111 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 111 |
| Total Business and Operations Support (inflated) | \$72 | \$244 | \$247 | \$84 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$648 |
| TOTAL MWRA | (\$206) | \$417 | \$114 | (\$248) | (\$139) | (\$436) | \$430 | (\$443) | \$0 | \$0 | (\$510) |

Capital Financing and Grant Revenues

In the past, MWRA has been able to finance approximately 20 percent of its capital spending with grant receipts, totaling approximately \$1.1 billion through FY03. However, since FY03, the MWRA has only received \$4.9 million in capital grants. In addition to participating in federal and state grant programs, the MWRA benefitted from the American Recovery and Reinvestment Act of 2009 which is projected to forgive approximately \$33.0 million in State Revolving Fund loan principal. The Authority continues to pursue grant funding and take advantage of any possible program available to maximize grant funding opportunities.

MWRA expects to borrow the majority of funds necessary for future capital spending. Borrowing will include the issuance of fixed and variable rate revenue bonds; borrowing from the Massachusetts Clean Water Trust (also known as the State Revolving Loan Fund or SRF), and a Tax-Exempt Commercial Paper program.

MWRA Organization and History

The MWRA Enabling Act

MWRA was created by legislative act in 1984, and inherited the Sewerage and Waterworks Divisions of the Commonwealth of Massachusetts Metropolitan District Commission (MDC). In July 1985, MWRA assumed control of the water and sewer systems, including facilities, properties, and the right to utilize water withdrawn from system reservoirs. The Commonwealth, under the management of the MDC Watershed Management Division (now the Department of Conservation and Recreation – Division of Watershed Management), retained ownership of real property, including the reservoirs and watersheds.

The Enabling Act also established the MWRA Advisory Board to represent the cities and towns in the service area. The Advisory Board appoints three members of the MWRA Board of Directors, approves the extension of water and sewer services to additional communities, and reviews and makes recommendations on MWRA's annual Current Expense Budget and Capital Improvement Program.

In 1987, the legislature transferred responsibility to operate and maintain the Clinton Wastewater Treatment Plant from the Commonwealth to the MWRA.

History and Accomplishments

In 1985, the U.S. District Court for Massachusetts found MDC in violation of numerous aspects of the federal Clean Water Act, and the responsibility for those violations passed to MWRA as successor to MDC. The court issued a detailed compliance schedule for actions to be taken by MWRA to achieve and maintain compliance with the Clean Water Act.

MWRA achieved all of the milestones in the schedule related to the construction of treatment facilities on Deer Island, and is working to achieve milestones with respect to implementation of its long-term Combined Sewer Overflow (CSO) control plan. These achievements have made noticeable, measurable improvements in the quality of Boston Harbor and its beaches.

MWRA is also working to achieve compliance with an extensive consent order issued by the Massachusetts Department of Environmental Protection (MassDEP) mandating the steps necessary to achieve required improvements to the MWRA water system.

MWRA Rates Management

Between FY96 and FY02 the MWRA limited rate revenue increases to an average of 3.6% annually as a result of debt service assistance from the Commonwealth, federal grants to support the Boston Harbor Project, lower borrowing costs, use of financing tools that delayed costs to later years, a favorable bid climate for construction projects, and aggressive efforts to control capital and operating costs.

As debt service costs resulting from mandated capital investment have steadily increased, MWRA's dependence on rising debt service assistance (DSA) allocations have similarly increased. DSA reached

a high of \$50.2 million in FY02. In FY03, in response to a state-wide recession, debt service assistance was eliminated and as a result, MWRA was forced to have an unprecedented mid-year rate adjustment, increasing the rate increase from 2.9% to 6.9% as part of an overall strategy in response to cover the loss. Additionally, the Authority made substantial cuts to both its capital improvement program and current expense budgets. Reductions in debt service assistance result in greater reliance on reserves, budget cuts or a combination of the two. In response to a strengthening local economy, debt service assistance was restored in FY04 at the level of \$4.1 million. In the following four years, the debt service allocation increased to \$8.0 million in FY05, \$9.6 million in FY06, \$19.0 million in FY07, and \$17.0 million in FY08. In light of the economic downturn in the ensuing years, no Debt Service Assistance was received in FY09-11. In FY12, it was once again restored at a reduced level of \$384,000 but was once again eliminated in FY13 through 9C cuts. For the FY14 and FY15 budgets, no Debt Service Assistance was assumed but the Authority received \$854,000 of Debt Service Assistance in March 2014.

Planning estimates for 2016 through 2025 forecast rate revenue requirement increases of 4.1% in FY16, 3.9% in FY17, 4.1% in FY18, 4.4% in FY19, 6.5% in FY20, 1.8% in FY21, 4.9% in FY22, and a negative 3.3%, 1.7%, and 2.5% in years FY23, FY24, and FY25, respectively.

In FY06, the MWRA formed a Rates Management Committee to evaluate the Authority's debt portfolio and credit structure to propose recommendations that deliver responsible short-term solutions for mitigating imminent rate spikes and long-term strategies for achieving sustainable and predictable rates. In line with the Board of Directors' strategy to deliver long-term sustainable and predictable rates for our 61 ratepayer communities, the MWRA initially preserved the scheduled use of its reserves for future years when projected rate increases are more significant. The changes to the indenture will release more than \$110.0 million in reserves that can be used to mitigate future rate increases. The release date is now projected to occur during FY16. As the Authority approaches the release date for the reserves, the Long-Term Rates Management Committee reconvened to discuss the options for applying the reserves. A recommendation is planned for the Board of Directors consideration in April 2015.

The FY16 Budget:

- Continues to refine planning estimates assumptions to provide greater predictability of future assessments;
- Judiciously uses reserves to lower rate increases, but maintain adequate balances; and
- Continues the Authority's multi-year rates management strategy of providing sustainable and predictable assessment increases to our member communities.

MWRA Organization

MWRA has four separate divisions and the Affirmative Action and Compliance Unit Department (AACU).

Each division provides operations or support services to carry out MWRA's activities under the direction of the Executive Office. MWRA's organizational structure is included in the document before the Table of Contents.

The **Executive Office** provides centralized MWRA management, direction, and policy development. The budget includes funds for the Office of the Executive Director, the Board of Directors, the Advisory Board, and other advisory committees. It includes the following departments: Office of Emergency Preparedness; Public Affairs; and Internal Audit.

The **Operations Division** operates the water and wastewater treatment systems; the water transmission and distribution system; the wastewater collection, transport, and combined sewer overflow (CSO) systems; and the residuals processing facility. It also provides laboratory and engineering and construction services; enforces sewer use regulations and seeks to limit the discharges of toxic materials; manages environmental studies of Boston Harbor and Massachusetts Bay; monitors water quality; and includes the Planning and Coordination Department.

The **Administration and Finance Division** was created in 2009 and is responsible for managing the finance and support service functions necessary to support daily operations of the Authority and insure the implementation of the Authority's long-term goals and strategies.

The Administration and Finance (A&F) Division is comprised of eleven departments: Director's Office; Rates and Budget; Treasury; Controller; Risk Management; Human Resources; Management Information Systems (MIS); Facilities Management; Fleet Services; Procurement; and Real Property and Environmental Management.

The Administration and Finance Division ensures that a variety of fiscal management systems are in place to monitor and control the Current Expense Budget (CEB) and Capital Improvement Program (CIP).

The **Law Division** provides legal counsel to all divisions on compliance with federal and state law, real estate matters, labor and employment law, litigation, and construction issues. Division attorneys provide or supervise through outside counsel the representation of MWRA in all litigation.

The **Affirmative Action and Compliance Unit (AACU) Department** develops, administers and monitors compliance of Affirmative Action Plan programs and policies by ensuring equal opportunity and non-discrimination in employment and equitable access of Minority/Women Business Enterprises (MBE/WBE) in Authority procurement activities.

Statement of Financial Position

In accordance with its enabling act, each year MWRA submits annual reports to the Governor, the President of the State Senate, the House of Representatives, the Advisory Board, and the Chairs of the State Senate and House Committees on Ways and Means containing financial statements relating to its operations maintained in accordance with Generally Accepted Accounting Principles in the United States of America (GAAP) and, commencing with the annual reports for 1986, audited by independent certified public accountants. MWRA's audited financial statements at June 30, 2013 are available online at www.mwra.com.



Executive Office
Budget

EXECUTIVE OFFICE

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| EXECUTIVE DIVISION | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 534,191 | \$ 540,944 | \$ 559,130 | \$ 578,479 | \$ 19,349 | 3.5% |
| OVERTIME | - | - | - | - | - | 0.0% |
| ONGOING MAINTENANCE | - | - | - | - | - | 0.0% |
| TRAINING & MEETINGS | - | 612 | 900 | 900 | - | 0.0% |
| PROFESSIONAL SERVICES | 145,098 | 158,222 | 164,269 | 167,452 | 3,183 | 1.9% |
| OTHER MATERIALS | 5,105 | 2,038 | 4,085 | 3,520 | (565) | -13.8% |
| OTHER SERVICES | 455,589 | 470,520 | 500,236 | 531,881 | 31,645 | 6.3% |
| TOTAL | \$ 1,139,983 | \$ 1,172,336 | \$ 1,228,620 | \$ 1,282,232 | \$ 53,612 | 4.4% |

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| EXECUTIVE DIVISION by Department | | | | | | |
| DEPARTMENT | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| EXECUTIVE OFFICE | \$ 467,861 | \$ 473,230 | \$ 490,602 | \$ 507,107 | \$ 16,505 | 3.4% |
| BOARD OF DIRECTORS | 74,939 | 74,125 | 77,853 | 79,964 | 2,111 | 2.7% |
| ADVISORY BOARD / OTHER COMMITTEES | 597,183 | 624,981 | 660,165 | 695,161 | 34,996 | 5.3% |
| TOTAL | \$ 1,139,983 | \$ 1,172,336 | \$ 1,228,620 | \$ 1,282,232 | \$ 53,612 | 4.4% |

The **Executive Office** provides executive management and guides the implementation of MWRA policies established by the Board of Directors. It is responsible for developing and implementing specific goals and programs to achieve MWRA's primary mission of providing reliable and efficient water and sewer services, improving water quality, and for creating a framework within which all divisions can operate effectively. The Executive Office oversees a centralized MWRA-wide security program to preserve and protect MWRA facilities, systems and employees.

The Executive Office has direct oversight of the Office of Emergency Preparedness, Internal Audit, Public Affairs, and the Affirmative Action and Compliance Unit (AACU) Departments.

FY16 Goals:

- Ensure delivery of reliable and cost-effective water and sewer services to customer communities.
- Ensure that water supply and wastewater collection and treatment preserve public health and protect natural resources.
- Provide overall management of the agency and ensure adherence to all applicable policies and regulations.
- Continue to aggressively pursue renewable and sustainable energy resources to reduce the environmental impacts of daily operations, increase energy efficiencies, and reduce overall operating costs.
- Manage communication and garner support from key constituents for MWRA programs.

The Executive Office budget supports the Executive Director's Office (which includes the Board of Directors' cost center), the MWRA Advisory Board, and Advisory Committees' cost centers. The Board of Directors formulates policies to guide MWRA actions and is responsible for major policy and fiscal decision-making. The MWRA Advisory Board was established by the Enabling Act to serve as "watchdog" for MWRA's customer communities. The Advisory Board makes recommendations to MWRA on annual expense budgets and capital improvement programs. In addition, the Advisory Board reviews and comments on MWRA reports, hold hearings on related matters, and makes recommendations to the Governor and the Legislature. The other advisory committees supported by this budget are the Water Supply Citizens' Advisory Committee and the Wastewater Advisory Committee. The Executive Office budget accounts for less than 1% of the MWRA FY16 Proposed Direct Expense Budget.

Budget Highlights:

- The FY16 Proposed Budget is \$1.3 million, an increase of \$54,000 or 4.4%, from the FY15 Budget.
- \$578,000 for **Wages and Salaries**, an increase of \$19,000 or 3.5%, as compared to the FY15 Budget mainly due to cost of living adjustments. The proposed budget includes funding for five positions.
- \$167,000 for **Professional Services**, an increase of \$3,000 or 1.9%, as compared to the FY15 Budget mainly due to projected increases in the Advisory Committees operating expenses. This budget funds the Water Supply Citizens' Advisory Committee (WSCAC) and the Wastewater Advisory Committee (WAC) budgets.
- \$532,000 for **Other Services**, an increase of \$32,000 or 6.3%, from the FY15 Budget mainly due to projected increases in the MWRA Advisory Board operating expenses which include wages and salaries, space rental, and general administrative office expenses.

OFFICE OF EMERGENCY PREPAREDNESS

| FY16 Proposed Current Expense Budget | | | | | | |
|---------------------------------------------|------------------------|------------------------|-----------------------|--------------------------|--------------------------------|--------------|
| OFFICE OF EMERGENCY PREPAREDNESS | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 390,132 | \$ 488,502 | \$ 438,887 | \$ 590,796 | \$ 151,909 | 34.6% |
| OVERTIME | 12 | 771 | - | - | - | 0.0% |
| ONGOING MAINTENANCE | 399,123 | 329,657 | 375,000 | 465,151 | 90,151 | 24.0% |
| TRAINING & MEETINGS | 1,652 | 1,902 | - | 17,000 | 17,000 | 0.0% |
| PROFESSIONAL SERVICES | 1,587,698 | 1,727,302 | 1,708,295 | 1,895,000 | 186,705 | 10.9% |
| OTHER MATERIALS | 31,311 | 21,746 | 35,535 | 33,260 | (2,275) | -6.4% |
| OTHER SERVICES | 10,774 | 18,821 | 124,040 | 124,172 | 132 | 0.1% |
| TOTAL | \$ 2,420,703 | \$ 2,588,703 | \$ 2,681,758 | \$ 3,125,380 | \$ 443,622 | 16.5% |

The **Office of Emergency Preparedness (OEP)** was created in November 2005 to consolidate Authority-wide security and emergency response functions. It is responsible for oversight of the MWRA’s security and emergency response plans, policies, and procedures; implementation and training for the Emergency Response Plan; and management, training, and outfitting of the Emergency Service Unit (ESU), which will respond to any intentional or accidental contamination of the water supply. The Director of Emergency Planning and Preparedness reports directly to the Executive Director.

FY16 Goals:

- Develop and implement policies and programs to provide security, critical infrastructure protection, and emergency planning for the MWRA’s water and wastewater systems.
- Expand, equip, train, and lead the Emergency Service Unit (ESU).
- Develop and exercise emergency plans and procedures.
- Manage and direct security guard, security monitoring, and security maintenance contracts.

FY16 Initiatives:

- Continue to enhance Emergency Response Plans for all water and wastewater facilities. Update Emergency Action Plans (EAPs) as needed, including Western Section Dam EAPs and spill control EAPs.
- Continue the process of ensuring that new construction and rehabilitation of facilities includes an integrated security and surveillance system improvement component. Continue task order security enhancement designs for selected water and wastewater critical sites, fencing installation, and other facility hardening initiatives.
- Implement notification drills, tabletop exercises, and field training exercises (including at least one major field drill). Continue the community emergency response training program and tabletop exercise series for critical service areas with community staff.
- Continue to transition security monitoring system to the new standard.
- Establish a new security monitoring center in Chelsea and work towards establishing a backup monitoring center at Norumbega.

FY15 Mid-Year Accomplishments:

- Continued to update spill control Emergency Action Plans for water and wastewater facilities subject to spill regulations.
- Completed draft Dam Emergency Action Plans for Eastern Section dams with detailed inundation mapping.
- Completed a total of 33 training events or drills.
- Continued the process of ensuring that new construction and rehabilitation of facilities include an integrated security and surveillance system improvement component.
- Continued to provide an emergency response training program and a tabletop exercise series for critical service areas for MWRA community staff.
- Procured a new Security Equipment Maintenance and Repair Services contract.

Budget Highlights:

- The FY16 Proposed Budget is \$3.1 million, an increase of \$444,000 or 16.5%, from the FY15 Budget.
- \$591,000 for **Wages and Salaries**, an increase of \$152,000 or 34.6%, from the FY15 Budget mainly due to the addition of one position and cost of living adjustments. The budget includes funding for six positions, one position more than included in the FY15 Budget.
- \$465,000 for **Ongoing Maintenance**, an increase of \$90,000 or 24.0%, from the FY15 Budget mainly due to projected increases in the intrusion alarm monitoring and security system maintenance service contracts. This budget includes funding of \$306,000 to cover the MWRA-wide security systems preventative maintenance and repair service, \$125,000 for MWRA-wide Security systems maintenance materials and equipment, including cameras, intrusion detection, card readers, and \$35,000 for the intrusion alarm annual and semi-annual monitoring services contracts.
- \$1.9 million for **Professional Services**, an increase of \$187,000 or 10.9%, from the FY15 Budget primarily due to the increased cost of the new security guard contract. The proposed budget includes \$636,000 for security services at the DITP facility, \$591,000 for the Chelsea facility, \$405,000 for the Carroll Water Treatment Plant, \$22,000 for Charlestown Navy Yard (CNY) facility, \$84,000 for the Account Manager, and \$47,000 for the Training Officer. Also included is \$55,000 for updating the Dam EAPs to match the pending regulatory change to FEMA's PD-64 inundation modeling approach and annual updates.
- \$33,000 for **Other Materials**, a decrease of \$2,000 or 6.4%, from the FY15 Budget. This budget mainly funds purchase of Health and Safety materials for the ESU Team.
- \$124,000 for **Other Services** is level funded from the FY15 Budget. This budget includes funding for licensing cost for two-way radios with Department of Conservation and Recreation (DCR) and for mandatory monthly testing and inspection of the Self-Contained Breathing Apparatus (SCBA).

AFFIRMATIVE ACTION and COMPLIANCE

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|--------------|
| AFFIRMATIVE ACTION & COMPLIANCE UNIT | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 513,749 | \$ 557,924 | \$ 574,278 | \$ 525,437 | \$ (48,841) | -8.5% |
| OVERTIME | - | - | - | - | - | |
| TRAINING & MEETINGS | - | - | 2,000 | 6,295 | 4,295 | 214.8% |
| OTHER MATERIALS | 1,393 | 2,068 | 1,854 | 1,664 | (190) | -10.2% |
| OTHER SERVICES | 309 | 321 | 620 | 936 | 316 | 51.0% |
| TOTAL | \$ 515,451 | \$ 560,313 | \$ 578,752 | \$ 534,332 | \$ (44,420) | -7.7% |

The **Affirmative Action and Compliance Unit (AACU)** develops, administers, and monitors compliance of Affirmative Action Plan programs and policies by ensuring equal opportunity and non-discrimination in employment and equitable access of Minority Business Enterprises (MBE), Women Business Enterprises (WBE), and Disadvantaged Business Enterprises (DBE) in Authority procurement activities.

FY16 Goals:

- Assist divisions and departments in the implementation of MWRA’s affirmative action program and promote MWRA’s policy of non-discrimination for all persons in or recruited into its work force.
- Maintain adequate internal audit and reporting systems to monitor MWRA’s accomplishments of goal attainment in identified underutilized job groups for female and minority representation.
- Communicate to managers and supervisors MWRA's commitment to its equal opportunity policies and affirmative action programs.
- Assist the Human Resources department in the coordination and oversight of all external/internal recruitment and selection activities including interviewing, hiring, transfers, and promotions of protected class candidates.
- Provide for the equitable participation of minority/women and disadvantaged-owned businesses in procurement opportunities, ensure that minorities and women are represented in the labor force on construction contracts, and coordinate with other public entities regarding state and federal requirements.
- Assist divisions and departments in the understanding and implementation of MBE/WBE/DBE program policies and practices and monitor and report on contractor compliance and expenditures.

FY16 Initiatives:

- Conduct a comprehensive self-identification outreach program for applicants and employees who are covered veterans.

FY15 Mid-Year Accomplishments:

- Provided management guidance and participated in 50 position(s) selection committee interviews, sourced eighteen (8) outreach contacts, and referred 16 qualified candidates to Human Resources for underutilized positions.

- Completed a comprehensive self-identification outreach program for employees who are covered veterans and individuals with disabilities.
- Conducted oversight of 114 construction and professional projects including 2 site visits monitoring the minority and women workforce as well as MBE/WBE/DBE compliance. With the exception of WBE Nonprofessional Services, the other procurement targets remain.

Budget Highlights:

- The FY16 Proposed Budget is \$534,000, a decrease of \$44,000 or 7.7%, from the FY15 Budget.
- \$525,000 for **Wages and Salaries**, a decrease of \$49,000 or 8.5%, from the FY15 Budget mainly due to the transfer of vacant position to Public Affairs department partially offset by cost of living adjustments. The proposed budget includes funding for six positions, one position more than in the FY15 Budget.

INTERNAL AUDIT

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------|
| INTERNAL AUDIT | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 651,971 | \$ 686,696 | \$ 691,117 | \$ 745,300 | \$ 54,183 | 7.8% |
| OVERTIME | 11 | - | - | - | - | |
| ONGOING MAINTENANCE | - | - | - | - | - | |
| TRAINING & MEETINGS | 4,596 | 5,070 | 7,238 | 7,238 | - | 0.0% |
| OTHER MATERIALS | 1,764 | 1,697 | 2,020 | 2,020 | - | 0.0% |
| OTHER SERVICES | 1,100 | 2,540 | 1,062 | 1,162 | 100 | 9.4% |
| TOTAL | \$ 659,442 | \$ 696,003 | \$ 701,437 | \$ 755,720 | \$ 54,283 | 7.7% |

The **Internal Audit Department** monitors the efficiency and integrity of MWRA operations by auditing financial and program operations; reviewing compliance with accounting and management control systems, laws, and regulations; and coordinates the formulation and revisions to MWRA policies and procedures. Internal Audit also monitors MWRA contracts through its contract audit program, including approval of provisional consultant indirect cost rates and subsequent audit of consultant billings; performs labor burden reviews, construction change orders and claim audits, and vendor and other contract audits.

FY16 Goals:

- Encourage more economical and efficient operations, adhere to sound management procedures, and use controls designed to safeguard MWRA assets.
- Assure that automated and supporting manual management information systems have secure data control environments and to provide accurate and useful management information.
- Assure that contractors and consultants doing business with MWRA have adequate accounting and billing systems to provide current, complete, and accurate cost and price information and project invoicing.

FY15 Mid-Year Accomplishments:

- Identified \$794,000 in savings related to: management advisory services, consultant audits, construction labor burden reviews, the determination of an operating cost base for the CNY lease, and on-going savings from the lease of the engine house by the Fore River Railroad Corporation.
- Issued final audit reports on the Laboratory Services' Quality Assurance Program, Expanded Affirmative Action Requirements, Records Management, and the Town of Brookline CSO Financial Assistance Agreement. Issued four incurred cost audits, one preliminary consultant and four preliminary construction reviews, and a contract review.
- Provided management advisory and data analysis services dealing with the Cottage Farm PCB clean-up plan, and 8(m) Permit Fees.

Budget Highlights:

- The FY16 Proposed Budget is \$756,000, an increase of \$54,000 or 7.7%, from the FY15 Budget.
- \$745,000 for **Wages and Salaries**, an increase of \$54,000 or 7.8%, from the FY15 Budget primarily due to increased work hours for two part-time staff and cost of living adjustments. The proposed budget includes funding for eight positions.

PUBLIC AFFAIRS

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| PUBLIC AFFAIRS | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 1,085,187 | \$ 1,012,009 | \$ 1,050,525 | \$ 1,138,269 | \$ 87,744 | 8.4% |
| OVERTIME | - | 58 | - | - | - | |
| TRAINING & MEETINGS | 4,410 | 4,054 | 3,365 | 3,365 | - | 0.0% |
| PROFESSIONAL SERVICES | 3,187 | 4,925 | 1,050 | 1,300 | 250 | 23.8% |
| OTHER MATERIALS | 25,505 | 28,711 | 21,625 | 25,625 | 4,000 | 18.5% |
| OTHER SERVICES | 33,815 | 28,945 | 48,487 | 43,769 | (4,718) | -9.7% |
| TOTAL | \$ 1,152,104 | \$ 1,078,702 | \$ 1,125,052 | \$ 1,212,328 | \$ 87,276 | 7.8% |

The **Public Affairs Department** is the institutional link to all MWRA constituencies. The department works for passage of legislation necessary to carry out MWRA's mission, monitors legislation, responds to inquiries by elected and appointed officials, and pursues funding from the state legislature for MWRA projects.

The **Community Relations Section** deals directly with cities and towns in the service area, responds to inquiries about MWRA, proactively incorporates community concerns into MWRA project work, coordinates outreach and education initiatives to highlight MWRA programs, and provides technical expertise for specific projects and initiatives. Community Relations staff also work in conjunction with Planning and Coordination Department staff to ensure compliance with state and local regulations and restrictions.

The **Environmental Review and Compliance Section** is responsible for directing Authority-wide MEPA environmental review to ensure that MWRA facilities are protected and private development projects do not negatively impact MWRA facilities. The section is the lead to implement the Public Access Aqueduct Program, a program approved by the Board in April 2012, that authorizes public access along MWRA emergency back-up Aqueducts located in 14 cities and towns in the MetroWest area.

The **Communications Section** manages media relations, issues press releases and responds to information requests, oversees the design and distribution of MWRA publications, manages the web site, and provides design, editorial, and graphics services for other sections of MWRA. In addition, the **Education Section** is responsible for curriculum development, teacher training workshops, as well as providing school education materials on water quality, water conservation, wastewater topics, and environmental issues. Both sections are lead by the Special Assistant to the Executive Director, located in the Executive Office.

FY16 Goals:

- Enhance overall public understanding of MWRA's mission, goals, and benefits to the public through extensive outreach and effective communication.
- Monitor and analyze legislation and regulations that affect the Authority, formulating appropriate responses in concert with the Office of the Executive Director (OED).
- Continue to coordinate the review of projects filed with Massachusetts Environmental Protection Agency (MEPA), and submit timely MEPA responses to ensure that Authority owned infrastructure is protected.
- Provide technical support to 14 cities and towns that host MWRA's emergency back-up aqueducts as part of the Public Access Aqueduct Program.
- Develop and implement proactive strategies for educating and informing key MWRA constituencies and

the public at large about MWRA's mission, projects and progress, and promote understanding for associated costs.

- Gain public support for MWRA programs and projects while responding to the needs and concerns of elected and appointed public officials.
- Provide support to MWRA staff to ensure that MWRA projects meet regulatory requirements, and provide input to regulatory agencies in order to ensure MWRA interests are recognized during the development of regulations.
- Maintain and update MWRA's Community Contact Database. This Community Contacts tracking application is used to notify MWRA's communities of any operational issues or emergencies affecting them or surrounding communities.
- Continue to provide accurate and timely information to the public through the MWRA's website and the media, including social media like Twitter and Flickr.
- Continue to circulate Annual Water Quality Report to every household within the MWRA service area.

FY16 Initiatives:

Ongoing Advocacy – Commonwealth Rate Relief

MWRA's highest legislative priority continues to focus on the need for a more robust "Commonwealth Rate Relief Package" to help offset anticipated rate increases over the next several years. The current FY15 House Budget includes \$1M for Sewer Rate Relief. Staff will continue to monitor the budget process as it moves to the Senate and subsequent Conference Committee this spring and summer.

FY 15 Mid-Year Accomplishments:

The Massachusetts Legislature began its two-year session in January 2013. The second annual session began in January 2014. The following bills of importance to MWRA passed during the first half of the legislative session:

Chapter 113 of the Acts of 2013 – SB1837 : An Act authorizing the Division of Capital Asset Management and Maintenance to grant an easement upon land of the commonwealth located in the Town of Ware to the Massachusetts Water Resources Authority. Passage of this bill (Article 97) formalized MWRA easement rights granted by the Metropolitan District Commission decades ago for land associated with MWRA's existing Ware Disinfection Facility that serves the Authority's Chicopee Valley Aqueduct (CVA) communities of Chicopee, Wilbraham and portions of South Hadley.

Chapter 52 of the Acts of 2013 – HB3570: An Act authorizing the Massachusetts Water Resources Authority to dispose of real property located in the City of Quincy and to grant an easement upon real property of the Massachusetts Water Resources Authority located in the City of Quincy. Passage of this bill approved a mutually agreed upon exchange of property and various easements in Quincy between MWRA and March Fourth LLC, enabling the more efficient operation of the Fore River Railroad by MWRA.

Chapter 38 of the Acts of 2013 – An Act making appropriations for the fiscal year for the maintenance of the Departments, Boards, Commissions, Institutions and certain activities of the Commonwealth for interest, sinking fund and serial bond requirements and for certain permanent improvements. Section 199 (a) authorized the Commissioner of Capital Asset Management and Maintenance, in consultation with MWRA, to convey to the Massachusetts Port Authority a parcel of land in East Boston for the Greenway Connector.

Aqueduct Trail Progress. To date, at the direction of the MWRA Board of Directors, staff have issued nine Section 8 (m) Permits as part of the Public Access Aqueducts Program (Staff Summary dated April 11, 2012) authorizing approximately 14 miles of public access. Permits cover the following Aqueducts and Communities:

- Framingham - Weston Aqueduct – Pilot segment (1.1 mile)
- Framingham - Weston Aqueduct (.35 mile) section near Wayland Town Line
- Framingham - Weston Aqueduct (remaining western sections) (all areas along the Weston Aqueduct are now authorized in Framingham, excluding tunnel sections). (3.9 miles)
 - Total of over 5.5 miles along the Weston Aqueduct in Framingham.
- Framingham - Bay Circuit Trail Connector (.35 mile)
- Framingham - Sudbury Aqueduct – first segment (1.5 miles)
- Northborough - Wachusett – first segment (2 miles)
- Wellesley - Sudbury Aqueduct – all of it except a small stretch in Wellesley (2.6 miles)
- Southborough - Bay Circuit Trail Connector (.5 mile)
- Natick - Sudbury Aqueduct (2 sections totaling 1.5 miles)

The Town of Weston's application is currently under review.

The School Education staff conducts weekly classroom visits within the MWRA service area to educate elementary school children on the importance of water and sewer infrastructure on their daily lives. The annual poster, essay and video contest raised awareness of this program and provide a unique opportunity for the students, teachers and parents to learn together about MWRA's mission.

Budget Highlights:

- The FY16 Proposed Budget is \$1.2 million, an increase of \$87,000 or 7.8%, from the FY15 Budget.
- \$1.1 million for **Wages and Salaries**, an increase of \$88,000 or 8.4%, from the FY15 Budget mainly due to the addition one position and cost of living adjustments. The proposed budget includes funding for 13 positions, one position more than the FY15 Budget.
- \$26,000 for **Other Materials**, an increase of \$4,000 or 18.5%, from the FY15 Budget mainly due to a projected increases based on historical spending trends.
- \$44,000 for **Other Services**, a decrease of \$5,000 or 9.7%, from the FY15 Budget based on historical spending. This budget supports the printing needs of the department, including State of the Harbor Report and the Annual Report.



Operations Division
Budget

OPERATIONS DIVISION

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-------------|--|
| OPERATIONS DIVISION | | | | | | | |
| LINE ITEM | FY13 | FY14 | FY15 | FY16 | Change | | |
| | Actual | Actual | Final | Proposed | FY15 to FY16 | | |
| WAGES & SALARIES | \$ 70,614,647 | \$ 71,409,035 | \$ 75,524,218 | \$ 77,341,719 | \$ 1,817,501 | 2.4% | |
| OVERTIME | 3,473,493 | 3,332,245 | 3,558,196 | 4,158,579 | 600,383 | 16.9% | |
| FRINGE BENEFITS | 58,593 | 56,561 | 61,270 | 62,618 | 1,348 | 2.2% | |
| CHEMICALS | 10,139,258 | 10,226,459 | 10,219,580 | 10,149,911 | (69,669) | -0.7% | |
| UTILITIES | 22,960,065 | 23,309,217 | 23,370,582 | 24,758,528 | 1,387,946 | 5.9% | |
| ONGOING MAINTENANCE | 23,407,711 | 24,216,736 | 23,967,965 | 24,419,286 | 451,321 | 1.9% | |
| TRAINING & MEETINGS | 107,584 | 135,492 | 140,000 | 172,400 | 32,400 | 23.1% | |
| PROFESSIONAL SERVICES | 2,160,078 | 1,941,661 | 2,775,035 | 2,336,140 | (438,895) | -15.8% | |
| OTHER MATERIALS | 5,766,979 | 4,586,539 | 4,554,477 | 4,639,063 | 84,586 | 1.9% | |
| OTHER SERVICES | 18,629,544 | 18,155,054 | 18,683,359 | 19,368,535 | 685,176 | 3.7% | |
| TOTAL | \$ 157,317,952 | \$ 157,368,999 | \$ 162,854,682 | \$ 167,406,779 | \$ 4,552,097 | 2.8% | |

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|-------------|--|
| OPERATIONS DIVISION by Department | | | | | | | |
| DEPARTMENT | FY13 | FY14 | FY15 | FY16 | Change | | |
| | Actual | Actual | Final | Proposed | FY15 to FY16 | | |
| OPERATIONS ADMINISTRATION | \$ 3,749,217 | \$ 4,126,009 | \$ 3,962,465 | \$ 4,629,687 | \$ 667,222 | 16.8% | |
| WASTEWATER TREATMENT | 65,225,080 | 65,066,657 | 66,706,775 | 69,011,578 | 2,304,803 | 3.5% | |
| FIELD OPERATIONS | 68,435,918 | 68,155,143 | 70,060,639 | 71,674,758 | 1,614,119 | 2.3% | |
| LABORATORY SERVICES | 5,563,606 | 5,621,315 | 6,167,272 | 6,216,796 | 49,524 | 0.8% | |
| ENQUAL | 4,085,955 | 4,143,529 | 4,663,233 | 4,667,685 | 4,452 | 0.1% | |
| ENGINEERING & CONSTRUCTION | 7,273,287 | 7,175,077 | 8,069,580 | 7,728,359 | (341,221) | -4.2% | |
| PLANNING DEPARTMENT | 2,984,889 | 3,081,269 | 3,224,718 | 3,477,916 | 253,198 | 7.9% | |
| TOTAL | \$ 157,317,952 | \$ 157,368,999 | \$ 162,854,682 | \$ 167,406,779 | \$ 4,552,097 | 2.8% | |

The **Operations Division** provides wastewater and water system services including operations, maintenance, and treatment; environmental monitoring and laboratory testing and analyses; and engineering, construction, planning, and administration. The Operations Division's departments are described below:

The **Wastewater Treatment Department** is 41% of the division's budget. The department operates and maintains the Deer Island Treatment Plant (DITP), Clinton Wastewater Treatment Plant, and Residuals Processing Facility (pelletization plant) at Fore River Staging Area (FRSA).

The **Field Operations Department (FOD)** is 43% of the division's budget. The department manages the wastewater pretreatment, water treatment, and wastewater and water distribution functions, including the Carroll Water Treatment Plant (CWTP). This department is responsible for operating, maintaining, and metering both systems.

The **Planning and Coordination Department** is 2% of the division's budget. The department provides planning, advocacy, and decision support services on policy, public health, regulatory, and operations matters regarding MWRA's potable and wastewater systems.

The **Engineering and Construction Department** is 5% of the division's budget. This department provides the following services to support the maintenance, repair, and rehabilitation of the wastewater and water systems: in-house engineering, consultant management, drafting, surveying, construction management, and other technical assistance. The department also oversees implementation of the Combined Sewer Overflow (CSO) plan.

The **Environmental Quality Department (EnQual)** is 3% of the division's budget. This department manages and reports on the monitoring of Boston Harbor and Massachusetts Bay water quality. The department also oversees MWRA's compliance with its National Pollutant Discharge Elimination System (NPDES) permits.

The **Laboratory Services Department** is 4% of the division's budget. This department supports various client groups in the Operations Division, the Department of Conservation and Recreation (DCR), and the MWRA member communities; providing field sampling, laboratory testing, and reporting services. Most of the testing is required to meet the strict guidelines of regulatory programs and permits including the Safe Drinking Water Act (SDWA) and MWRA's NPDES permits.

The **Operations Administration Department** is 3% of the division's budget. This department provides oversight and general management support in the areas of finance, contract administration, and personnel. The Operations Administration Department budget also includes funds for MWRA vehicle purchases and division-wide memberships.

FY16 Goals:

- Plan, develop, implement, and operate efficient, reliable, and economical water treatment/delivery and wastewater transport/treatment systems.
- Ensure compliance with state and federal drinking water quality and wastewater discharge regulations including the Safe Drinking Water Act (SDWA), the Clean Water Act, and National Pollutant Discharge Elimination System (NPDES) permits.
- Plan and implement rehabilitation of existing facilities and construction of new facilities including pipelines, pump stations, storage facilities, and treatment facilities on schedules that allow for sufficient system capacity and performance.
- Dispose of wastewater treatment by-products in a cost-effective and environmentally sound manner.

FY16 Initiatives:

Operations, Energy, and New Facilities Start-ups:

- Continue to identify, assess, and implement initiatives to reduce energy demand and increase energy self-generation in MWRA's system, including the projects noted in MWRA's Memorandum of Understanding with NSTAR. Pursue grant-funding and cost-sharing arrangements to defray costs of implementing these initiatives.
- Commence pilot, commercial food waste co-digestion project at Deer Island Treatment Plant.
- Self-generate ~30% of the Deer Island Treatment Plant's (DITP) required power through optimization of power generation assets, including the wind turbines and the Steam Turbine Generation (STG) back pressure system.
- Continue to optimize new ultraviolet disinfection treatment process for MWRA's potable water system at the Carroll Water Treatment Plant and Brusch Disinfection Facility.
- Start-up Spot Pond covered storage facility in FY16.
- Continue to implement strategies for workforce succession in preparation for expected retirement of many MWRA employees in the upcoming five to ten years.

Engineering & Construction:

- Notice to Proceed for numerous contracts including the following major projects:
 - Water System
 - NIH Redundancy & Storage: Section 89/29 Redundancy – Construction Phase 1B
 - Carroll Water Treatment Plant: Existing Facilities Modification – CP7
 - Central Monitoring System: Quabbin Power Communication & Security
 - Winsor Station Pipeline: Hatchery Pipeline – Construction
 - NHS – Revere & Malden Pipeline Improve: Section 53 Connections – Design/CA/RI
 - Spot Pond Supply Mains Rehab: Section 4 Webster Ave Bridge Pipe Rehab - Construction
 - Wastewater System
 - Facility Asset Protection: Chelsea Creek Upgrades – Construction
 - Clinton Wastewater Treatment Plant: Phosphorous Removal - Construction
 - DITP Asset Protection: HVAC Equip. Replacement – Construction
 - DITP Asset Protection: Sodium Bisulfite & Hypochlorite Tank Rehab
 - DITP Combined Heat and Power - Design
 - DITP Asset Protection: Ancillary Modifications – Final Design 4
 - Facility Asset Protection: Prison Point/ Cottage Farm Abatement – Design/ CA / RI
 - Facility Asset Protection: Chelsea Creek Upgrades – REI
 - Residuals Asset Protection: Residuals Facility Upgrade - Design
 - DITP Asset Protection: Expansion Joint Repair – Construction 3
 - DITP Asset Protection: Switchgear Replacement – Design
- Substantially complete numerous CIP design and construction phases including the following:
 - Water
 - Spot Pond Storage Facility: Owners’ Representative
 - Carroll Water Treatment Plant Technical Assistance 7
 - Wastewater System
 - CSO Program: Cambridge Sewer Separation – Design and Construction
 - CSO Program: Reserved Channel Sewer Separation – Design and Construction
 - DITP Asset Protection: NMPS VFD Replacement - Construction
 - DITP Asset Protection: Electrical Equipment Upgrade – Construction 4
 - Facility Asset Protection: Prison Pt/Cottage Farm Engine Pump and Gearbox Rebuilds
 - Facility Asset Protection: Chelsea Screenhouse Upgrades
 - DITP Asset Protection: Miscellaneous VFD Replacements
 - CSO Program: MWR003 Gate and Siphon – Construction 2

Maintenance:

- Optimize staff resources, overtime, service contracts, and as-needed design contracts to complete routine and major maintenance projects.
- Continue work on numerous major projects at Deer Island including facility repainting and coating repairs; Zurn boiler maintenance and repairs; electrical system maintenance; motor overhauls; HVAC unit replacement; PLC replacements; and critical equipment maintenance.
- Work on numerous projects in Field Operations including meter inspection and repairs; manhole rehabilitation; pipeline repair and replacement; invasives control in the water reservoirs; dam inspections and tree clearing; and water tank inspections and cleaning.
- Commence and complete periodic facility painting and coating project.

Environmental:

- Plan for implementation of requirements of the new National Pollutant Discharge Elimination System (NPDES) Permits for DITP (assume new permit is issued after FY16) and Clinton Wastewater Treatment Plant (assume new permit in effect for all of FY16).
- Continue work on other harbor and outfall monitoring initiatives including: calculating revised thresholds, continuing to work with Department of Conservation and Recreation implementation of appropriate beach management practices in South Boston, and improving instrumentation on National Oceanic and Atmospheric Administration's (NOAA's) weather buoy.
- Plan for the new round of NPDES-required Local Limit testing in TRAC to reassess industrial discharge limits and commence the work after the Environmental Protection Agency (EPA) issues the new NPDES permits.
- Conduct invasive species removal and monitoring at water reservoirs.
- Prepare for implementation of reduced fluoride dosing in the water system per upcoming regulatory changes.

FY15 Mid-Year Accomplishments:

Operations, Energy, and New Facilities Start-ups:

- Secured delegated authority to procure multi-year electricity supply contract for MWRA's smaller facilities.
- Assisted the Procurement Department with the procurement of contracts to supply and deliver chemicals for the water and wastewater system facilities. Chemicals procured included sodium hypochlorite, hydrofluorosilicic acid, ferric chloride, sodium bisulfate, aqua ammonia, hydrogen sulfide, and copolymer.
- Received revenue for energy generated at numerous facilities including the following: hydroelectric \$313,000 from Oakdale Station, \$103,000 from Cosgrove Station, and \$8,900 (net) from the Loring Road Pump Station; wind of \$182,000 from Charlestown Pump Station; and solar of \$50,000 from Carroll Water Treatment Plant.
- Continue to leverage MWRA's self-generation assets and participation in the competitive energy market to offset operating costs. The combined impact of participation in the Independent System Operators of New England (ISO-NE) load response program and the non-rate revenue from the sale of Renewable Portfolio Standards Program (RPS) credits resulted in \$894,000 in revenue for the first six months of FY15. Deer Island also self-generated ~30% of the plant's total required power during that period.

- Processed 101.5 average tons per day of sludge at the Pelletization Plant and disposed of 3,251 of grit and screenings through a contracted vendor.

Maintenance:

- The Operations Division spent \$12.6 million through December on maintenance of which \$6.5 million was for materials and \$6.1 million was for services.
- Procured and implemented numerous contracts for maintenance services, including the following;
 - Temporary flow monitoring and data collection at MWRA wastewater sites
 - Sudbury Aqueduct tree removal
 - Grounds keeping at numerous facilities
 - Instrumentation services at numerous facilities
 - Union Park O&M contract
 - Locksmith services
 - DITP oxygen generation facilities services
- Procured maintenance-related materials including DITP PVDF fittings and piping; water system gate valves; DITP evaporator coils; five trailer-mounted wastewater pumps; and electrical hardware and supplies.
- Procured and implemented numerous contracts for maintenance projects including:
 - installation of energy efficient lighting at numerous facilities
 - Shea Avenue CVA system leak repair
 - installation of three energy efficient gas-fired unit heaters at Brattle Court Pump Station
 - easement clearing for section 83 and 89 pipeline in water system
 - furnish and install pump, gear box, diesel engine upgrades at Prison Point and Cottage Farm CSO Facilities
- Completed numerous maintenance projects including the following:
 - replacement of two ammonia pumps at CWTP
 - replacement of sump pump system in Hultman Shaft 4 building
 - repaired leads in water system section 62 pipeline
 - replaced berm at the IPS and locksets and doors at numerous wastewater facilities
 - installed new VFDs at Caruso Pump Station.
- In water system, exercised 414 and replaced 10 mainline valves; exercised 202 and replaced 6 blow-off valves.
- In the wastewater system, inspected 16.41 miles and cleaned 14.31 miles of MWRA pipeline. Also inspected 768 structures and rehabilitated 21 manholes.

Engineering, Construction, and Planning:

- Notice to Proceed for numerous contracts including the following major projects:
 - Water System
 - Weston Aqueduct Supply Mains: Section 36/C/S9 – A11 Valve
 - Quabbin Power: Design
 - Waterworks Facility Asset Protection: Beacon St. Line Repair – Design CA/RI
 - Wastewater System

- DITP Asset Protection: Cryogenics Chillers Replacement
 - CSO Program: MWR003 Gate & Siphon construction 2
 - DITP Asset Protection: NMPS Winthrop Terminal Facility – ESDC/REI
 - DITP Asset Protection: Clarifier Rehab Phase 2 – Design
 - DITP Asset Protection: Thermal Power Plant Boiler Control Replacement
- Substantially completed numerous projects including the following:
 - Water System
 - Quabbin Water Treatment Plant: Quabbin UVWTP - Construction
 - Metro West Tunnel: Hultman Interconnect – Final Design/ CA/RI
 - NIH Redundancy & Storage: Gillis Pump Station Improvements
 - NIH Redundancy & Storage: West Street Pipeline Reading – Construction Phase 1A
 - Wastewater System
 - DITP Asset Protection: Digester Modules 1 & 2 Pipe Replacement ESDC/REI
 - Facility Asset Protection: NI Electrical & Grit/Screens Conveyance - Construction
 - Brookline Sewer Separation: Design/CS/RI
 - DITP Asset Protection: Digester Sludge Pump Replacement – Construction
 - DITP Asset Protection: Roof Replacement Phase 3

Environmental:

- The TRAC Department completed the following Environmental Protection Agency (EPA)-required work for significant industrial users: 128 inspections, 151 monitoring events, and 289 sampling of connections. This department also issued or renewed 94 permits to Significant Industrial Users (SIUs) and non-SIUs.
- The TRAC Department submitted the Industrial Pretreatment Program Annual Report to the EPA for FY14 in October 2014.
- The TRAC Department continued work on the review of local limits at the Clinton Wastewater Treatment Plant as required under the NPDES permit renewal process.
- At DITP, treated 98.2% of flow through secondary and met secondary permit limits at all times. Operated DITP without any NPDES Permit violations during the first six months of FY15.
- EnQual carried out permit-required environmental monitoring of Boston Harbor and Massachusetts Bay water column, sediments, fish and shellfish and CSO receiving water quality. The department finalized eight technical reports, made monitoring results available on its website, and sent reports to government regulators, the Outfall Monitoring Science Advisory Panel and interested members of the public.
- Met all water quality and treatment standards for giardia in the drinking water system during the first six months of FY15. Also, maximum turbidity results at Quabbin and Wachusett were within DEP standards.
- During the first six months of FY15, the Department of Laboratory Services performed 136,259 tests including the annual Lead and Copper Rule testing and Massachusetts Bay water column testing for the Harbor and Outfall Monitoring program.

Budget Highlights:

- The FY16 Proposed Budget is \$167.4 million, which is \$4.6 million or 2.8%, more than the FY15 Budget.
- Line items that increase from the FY15 Budget include:
 - The FY16 Proposed Budget of \$77.3 million for **Wages and Salaries** is an increase of \$1.8 million or 2.4 % from the FY15 Budget, primarily due to wage increases associated with collective bargaining agreements. The FY16 Proposed Budget funds 934 filled positions on average during the year versus 936 budgeted in FY15. The budget also includes \$753,000 for Stand-by Pay to ensure staffing availability and response during emergencies, \$258,000 for Interns, and \$177,000 for Temporary Employees to assist with peak workloads and special initiatives.
 - The FY16 Proposed Budget of \$24.8 million for **Utilities** includes \$18.0 million for electricity, \$3.8 million for diesel fuel, \$2.2 million for water, and \$486,000 for natural gas. The increase of \$1.4 million or 5.9% from the FY15 Budget is primarily due to projected price changes for electricity based on market trends; price increases for wholesale water rates for DITP; and more diesel fuel purchases at DITP based on projected use and inventory levels. The utility budget by department is \$14.2 million for Deer Island Treatment Plant, \$5.4 million for Wastewater Operations, \$4.4 million for Water Operations, \$533,000 for the Chelsea office and maintenance facilities, and \$249,000 for the Clinton Wastewater Treatment Plant.
 - The FY16 Proposed Budget for **Other Services** is \$19.4 million, including \$14.3 million for sludge pelletization; \$2.0 million for space leases and rentals, including the Chelsea office facility; \$889,000 for grit and screenings removal and disposal; \$678,000 for telephones; \$450,000 for police details; and \$366,000 for memberships, dues, and subscriptions. The FY16 Proposed Budget is \$685,000 or 3.7% more than the FY15 Budget primarily due to increases for contractual inflation for sludge pelletization services; base rent and property tax increases for the Chelsea facility lease; and dues for numerous membership organizations.
 - The FY16 Proposed Budget of \$4.2 million for **Overtime** is a net increase of \$600,000 or 16.9% from the FY15 Budget primarily due to the inclusion of overtime for valve shutdowns required to complete the DITP North Main Pump Station (NMPS) and Winthrop Terminal Facility Butterfly Valve Replacement CIP project. The FY16 Proposed Budget is sized based on multi-year spending patterns. The components of the budget include \$1.8 million for emergencies and wet weather staffing; \$1.3 million for planned maintenance and other initiatives (i.e. DITP NMPS valve shutdowns) that must be completed at night or on weekends; and \$968,000 for operational coverage. The budget continues to incorporate reductions in overtime for coverage due to changes in staffing requirements and also reflects managements' successful efforts to date to control spending for non-emergency overtime.
 - The FY16 Proposed Budget for **Maintenance** is \$24.4 million, a net increase of \$451,000 or 1.9% from the FY15 Budget primarily due to changes in project priorities from year to year. The FY16 Proposed Budget includes \$12.6 million for services and \$11.8 million for materials. By maintenance area, the largest categories of spending for materials and services include \$11.9 million for plant and machinery; \$4.3 million for building and grounds; 2.7 million for specialized equipment; \$2.6 million for electrical; \$1.6 million for pipeline; and \$1 million for HVAC systems. The budget also funds special initiatives such as energy conservation projects in the Field Operations Department facilities; invasive plant control in the water reservoirs; painting and coating upkeep at the Clinton Wastewater Treatment Plant; and easement clearing on MWRA's aqueducts.
 - The FY16 Proposed Budget of \$4.6 million for **Other Materials** includes \$1.7 million for Vehicle Replacements; \$840,000 for Lab and Testing Supplies; \$516,000 for Vehicle Expenses (gas, tolls);

\$401,000 for Health and Safety Supplies; \$362,000 for Work Clothes; and \$359,000 for Equipment and Furniture. The increase of \$85,000 or 1.9% from the FY15 Budget is primarily due to increased funding for lab and testing supplies and work clothes based on assessed needs.

- The FY16 Proposed Budget of \$172,000 for **Training and Meetings** which covers specialized training, attendance at industry conferences, and site visits as required to vendors and other plants. The FY16 Proposed Budget funds training for topics such as spill response and boom deployment; spill prevention and control; belt laser alignment; cyber security; and electrical voltage. The FY16 Proposed Budget is \$32,000 or 23.1% more than the FY15 Budget primarily due to increased need for workforce development associated with succession planning and the impacts of expected retirements.
- Line items that decrease from FY15 Budget include:
 - The FY16 Proposed Budget of \$10.1 million for **Chemicals** includes \$6.4 million for disinfection and treatment in the water system and \$3.7 million for disinfection, treatment, and odor control in the wastewater system. The budget includes \$3.8 million for soda ash; \$2.0 million for sodium hypochlorite; \$934,000 for ferric chloride; \$606,000 for liquid oxygen; \$596,000 for hydrofluosilicic acid; and \$324,000 for sodium bisulfite. The FY16 Proposed Budget is \$70,000 or 0.7% less than the FY15 Budget due to the net effect of price and usage decreases based on recent trends, contracts, and market projections. The decrease is also due to the reduction in FY16 of approximately \$330,000 for chemicals included in the FY15 CEB for three months of enterococcus treatment at DITP. The FY15 CEB assumed start-up of the new permit in the April 2015 whereas more recent information indicates the permit will be issued after FY16 so the FY16 budget does not include funding for additional chemicals.
 - The FY16 Proposed Budget for **Professional Services** is \$2.3 million, including \$1.5 million for lab and testing services; \$424,000 for other services; and \$323,000 for engineering services. Major items in the budget include \$1.5 million for Harbor and Outfall Monitoring; \$233,000 for as-needed engineering services to support CEB-funded projects; \$151,000 for outsourced testing by the Central Laboratory; \$150,000 for MWRA's FY16 contribution to the Mystic River Modeling project; \$65,000 for a comprehensive reservoir wide plant survey in the water system; \$65,000 for dam safety services; and \$55,000 for invasive species control services in the reservoirs. The FY16 Proposed Budget is \$439,000 or 15.8% less than the FY15 Budget primarily due to the deletion of funds for the Local Limits study resulting from the delay in the issuance of the new DITP NPDES Permit; resizing of numerous services based on an assessment of need in FY16; and exclusion of funds for periodic services that are not required on an annual basis such as air emissions stack testing at the Sludge Pelletization Plant and a leak detection survey of the water system.

OPERATIONS ADMINISTRATION

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|--------------|
| OPERATIONS ADMINISTRATION | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 1,915,020 | \$ 2,125,923 | \$ 1,803,357 | \$ 2,433,916 | \$ 630,559 | 35.0% |
| OVERTIME | - | 120 | - | - | - | |
| FRINGE BENEFITS | - | 3 | - | - | - | |
| CHEMICALS | - | - | - | - | - | |
| UTILITIES | - | - | - | - | - | |
| ONGOING MAINTENANCE | - | - | - | - | - | |
| TRAINING & MEETINGS | 1,010 | 15,580 | 4,700 | 4,700 | - | 0.0% |
| PROFESSIONAL SERVICES | 166,309 | (1,388) | 200,000 | 200,000 | - | 0.0% |
| OTHER MATERIALS | 1,450,594 | 1,756,380 | 1,702,250 | 1,702,500 | 250 | 0.0% |
| OTHER SERVICES | 216,284 | 229,391 | 252,158 | 288,571 | 36,413 | 14.4% |
| TOTAL | \$ 3,749,217 | \$ 4,126,009 | \$ 3,962,465 | \$ 4,629,687 | \$ 667,222 | 16.8% |

The **Operations Administration Department** is comprised of the Office of the Chief Operating Officer; the Office of the Deputy Chief Operating Officer of Program, Policy and Planning; and division-level support staff. The department's primary goal is to oversee, manage, and implement MWRA policies and procedures pertaining to the following functions: administration, labor relations, finance, contract administration, and general management.

Budget Highlights:

- The FY16 Proposed Budget is \$ 4.6 million, an increase of \$667,000 or 16.8%, from the FY15 Budget.
- \$2.4 million for **Wages and Salaries**, an increase of \$631,000 or 35.0%, from the FY15 Budget due to wage increases primarily associated with collective bargaining agreements and also more funded positions than in FY15 due to the shift of several positions between departments.
- \$4,700 for **Training & Meetings**, which is level funded with the FY15 Budget.
- \$200,000 for **Professional Services**, which is level funded with the FY15 Budget. The budget funds an emerging agreement to contribute \$150,000 to the Mystic River Modeling Project. MWRA expects to contribute up to a total of \$400,000 for this project over several years. The budget also includes \$50,000 for energy consulting services to support procurements and evaluation of projects.
- \$1.7 million for **Other Materials**, which is primarily level funded with the FY15 Budget. Funding in this line item is mostly for the replacement of older vehicles in MWRA's fleet. At an average cost of \$30,000 - \$35,000 per vehicle, the budget supports replacement of 48-56 vehicles which is approximately 10%-11% of the active fleet.
- \$289,000 for **Other Services**, an increase of \$36,000 or 14.4%, from the FY15 Budget. The budget contains Authority-wide memberships including the Water Research Foundation (WRF; formerly AWWARF), National Association of Clean Water Agencies (NACWA), Association of Metropolitan Water Agencies (AMWA), American Water works Association (AWWA), and the Boston Harbor Association (BHA) marine debris program. The funding change is due a \$ 40,000 increase to MWRA's partial contribution for membership in WRF, bringing the total contribution to \$160,000.

WASTEWATER TREATMENT

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|-------------|--|
| WASTEWATER TREATMENT | | | | | | | |
| LINE ITEM | FY13 | FY14 | FY15 | FY16 | Change | | |
| | Actual | Actual | Final | Proposed | FY15 to FY16 | | |
| WAGES & SALARIES | \$ 17,825,908 | \$ 18,099,006 | \$ 18,845,148 | \$ 19,499,382 | \$ 654,234 | 3.5% | |
| OVERTIME | 866,545 | 931,638 | 1,069,708 | 1,130,213 | 60,505 | 5.7% | |
| FRINGE BENEFITS | 16,082 | 17,017 | 16,374 | 17,743 | 1,369 | 8.4% | |
| CHEMICALS | 3,397,824 | 3,569,186 | 3,574,303 | 3,449,918 | (124,385) | -3.5% | |
| UTILITIES | 13,673,883 | 13,457,361 | 13,917,979 | 14,430,493 | 512,514 | 3.7% | |
| ONGOING MAINTENANCE | 13,774,496 | 13,720,757 | 13,576,500 | 14,249,869 | 673,369 | 5.0% | |
| TRAINING & MEETINGS | 7,907 | 12,051 | 14,900 | 20,300 | 5,400 | 36.2% | |
| PROFESSIONAL SERVICES | 76,076 | 241,797 | 158,200 | 175,201 | 17,001 | 10.7% | |
| OTHER MATERIALS | 541,990 | 581,671 | 518,600 | 568,700 | 50,100 | 9.7% | |
| OTHER SERVICES | 15,044,369 | 14,436,173 | 15,015,063 | 15,469,759 | 454,696 | 3.0% | |
| TOTAL | \$ 65,225,080 | \$ 65,066,657 | \$ 66,706,775 | \$ 69,011,578 | \$ 2,304,803 | 3.5% | |

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|-------------|--|
| WASTEWATER TREATMENT | | | | | | | |
| FACILITY | FY13 | FY14 | FY15 | FY16 | Change | | |
| | Actual | Actual | Final | Proposed | FY15 to FY16 | | |
| DEER ISLAND | \$ 47,795,291 | \$ 48,453,665 | \$ 49,432,659 | \$ 50,920,743 | \$ 1,488,084 | 3.0% | |
| RESIDUALS | 15,906,760 | 15,014,521 | 15,596,487 | 16,175,089 | 578,602 | 3.7% | |
| CLINTON | 1,523,029 | 1,598,471 | 1,677,629 | 1,915,746 | 238,117 | 14.2% | |
| TOTAL | \$ 65,225,080 | \$ 65,066,657 | \$ 66,706,775 | \$ 69,011,578 | \$ 2,304,803 | 3.5% | |

The **Deer Island Treatment Plant**, the **Residuals Management Program**, and the **Clinton Treatment Plant** comprise the Wastewater Treatment Department. Together, the budgets for these programs represent 41% of the Operations Division’s FY16 Proposed Budget and 31% of MWRA’s FY16 Proposed Direct Expense Budget.

Incoming wastewater from MWRA customer communities is piped to several headworks facilities where large objects are screened out before the influent is transmitted to Deer Island Treatment Plant through underground tunnels. At Deer Island, wastewater from the north system is pumped through chambers that remove grit and detritus for disposal in an off-island landfill. South system flows undergo preliminary treatment at the Nut Island headworks and are then pumped directly into the primary treatment facility, bypassing the grit removal chambers. The primary treatment facility consists of stacked clarifiers where scum rises to the top and the sludge settles to the bottom. Secondary reactors and clarifiers remove organic matter through biological and gravity treatment. Primary and secondary sludge and scum are thickened, anaerobically digested, and further thickened to reduce the volume of sludge before it is pumped through the Braintree-Weymouth tunnel to MWRA's Residuals Processing Facility at Fore River Staging Area (FRSA). Methane, a byproduct of anaerobic digestion, is used to fuel the plant's boilers, which produce steam to provide heat and generate electricity.

DEER ISLAND TREATMENT PLANT

| FY16 Proposed Current Expense Budget | | | | | | | |
|---------------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|--|
| DEER ISLAND TREATMENT PLANT | | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | | |
| WAGES & SALARIES | \$ 17,105,459 | \$ 17,375,674 | \$ 18,100,073 | \$ 18,752,704 | \$ 652,631 | 3.6% | |
| OVERTIME | 809,580 | 878,057 | 1,011,708 | 1,075,213 | 63,505 | 6.3% | |
| FRINGE BENEFITS | 15,300 | 16,203 | 15,374 | 16,743 | 1,369 | 8.9% | |
| CHEMICALS | 3,107,477 | 3,279,007 | 3,192,558 | 3,092,653 | (99,905) | -3.1% | |
| UTILITIES | 13,452,849 | 13,208,873 | 13,688,816 | 14,181,953 | 493,137 | 3.6% | |
| ONGOING MAINTENANCE | 12,567,714 | 12,809,096 | 12,673,665 | 12,940,052 | 266,387 | 2.1% | |
| TRAINING & MEETINGS | 7,907 | 11,694 | 11,200 | 16,600 | 5,400 | 48.2% | |
| PROFESSIONAL SERVICES | 74,510 | 228,024 | 120,500 | 172,500 | 52,000 | 43.2% | |
| OTHER MATERIALS | 382,007 | 428,575 | 370,600 | 411,600 | 41,000 | 11.1% | |
| OTHER SERVICES | 272,488 | 218,462 | 248,165 | 260,725 | 12,560 | 5.1% | |
| TOTAL | \$ 47,795,291 | \$ 48,453,665 | \$ 49,432,659 | \$ 50,920,743 | \$ 1,488,084 | 3.0% | |

Program Description and Goals:

The **Deer Island Treatment Plant** budget accounts for 30% of the Operations Division’s FY16 Proposed Budget. DITP has a peak primary treatment capacity of 1.27 billion gallons per day (bgd) and peak secondary treatment capacity of 700 million gallons per day (mgd).

Wastewater influent from MWRA customer communities arrives at the plant through four underground tunnels. Pumps then lift the influent 80 to 150 feet, depending on the tunnel, to the head of the plant.

North system flows pass through grit channels and bar screens at the headworks that remove grit and screenings for disposal in an off-island landfill. South system flows are pre-treated for grit at Nut Island and the Braintree-Weymouth Intermediate Pump Station. Flow is routed to primary treatment clarifiers, which remove about half of the pollutants brought to the plant in typical wastewater (removes 50% of total suspended solids and up to 50% of pathogens and toxic contaminants). In the clarifiers, gravity separates sludge and scum from the wastewater.

In secondary treatment, reactors and clarifiers remove non-settleable solids through biological and gravity treatment. The biological process is a pure oxygen-activated sludge system, using microorganisms to consume organic matter that remain in the wastewater flow. Secondary treatment raises the level of pollution removal to over 85%. More than 100 tons of pure oxygen are manufactured each day at Deer Island's cryogenic facility to support the biological treatment process.

Sludge from primary and scum from both primary and secondary treatment are thickened in gravity thickeners. Sludge from secondary treatment is thickened in centrifuges. Polymer is used in the secondary sludge thickening process to increase its efficiency. Digestion occurs in the egg-shaped anaerobic digesters at the Deer Island Treatment Plant. There are a total of 12 digesters, each 90 feet in diameter and approximately 140 feet tall (128 ft liquid level). Microorganisms naturally present in the sludge work to break sludge and scum down into methane gas, carbon dioxide, solid organic byproducts, and water. Digestion significantly reduces sludge quantity. The methane gas produced in the digesters is used in the plant's on-site power generating facility to save operating costs by reducing consumption of fuel oil for heating and purchased energy. Digested sludge is pumped through the Nut Island inter-island tunnel and Braintree-Weymouth extension tunnel directly to the MWRA’s Pelletizing Facility at Fore River, where it is further processed into a fertilizer product.

Organizational Structure:

The Deer Island Plant has six major functional areas: Operations, Thermal Power Plant, Process Control, Maintenance, Capital Engineering, and Operations and Maintenance (O&M) Support.

- Operations staff manages the day-to-day operation of plant processing units, performs minor preventative maintenance activities, and oversees plant functions 24 hours per day, seven days per week.
- Thermal Power Plant staff manages and operates the Deer Island generation and thermal systems. Power Plant personnel provide 24 hour operation of the high-pressure, high temperature steam power plant. This facility is capable of producing up to 70 megawatts of emergency electrical power.
- Process Control manages and maintains the following programs in support of plant operations; real-time process instrumentation and control system (PICS), operational data system (OMS), plant performance monitoring and reporting programs, and regulatory compliance programs including all plant permits, water quality, and air quality. The Process Control Unit provides the technical expertise for plant unit operations and routinely performs process optimization studies to help increase performance and reduce operating costs.
- Maintenance performs preventive and predictive maintenance and corrective repairs on all equipment, utilizing a computerized maintenance management system (CMMS) to coordinate scheduling with Operations. Staff has developed the Reliability Centered Maintenance (RCM) program, which has improved plant performance by applying maintenance resources where they are most effective. RCM analyzes the operating systems with the objective of ensuring critical functions perform as required. Implementation of a preventive maintenance program using RCM helps reduce the cost of maintaining the plant and improves the efficiency by anticipating when maintenance will be required. An on-island warehouse, managed by Procurement Department staff, ensures there is adequate stock for maintenance repairs and plant operations.
- Capital Engineering provides technical support services for both the Operations and Maintenance Units. Staff is responsible for all aspects of plant engineering including developing, procuring, and implementing all service contracts, consultant designs, and capital improvement projects at Deer Island. This group also manages the on-island Technical Information Center, which provides services to the Deer Island Treatment Plant (DITP) community and external constituents, and ensures quick access to plant drawings and technical information for operational and maintenance needs.
- O&M Support Section is responsible for supporting the business needs of the plant. The Administration and Finance Unit provides financial and administrative support to meet daily operational needs of the plant. The Safety/Security Unit is responsible for ensuring a safe and healthful work environment for employees and minimizing MWRA's exposure to liability and property loss or damage.

The Deer Island Director's Office provides overall management for the plant plus policy direction and support in the areas of public access and community agreements.

Operating Assumptions

Deer Island's FY16 Proposed Budget assumes treatment of an average flow of 354 mgd based on ten years of historical data. The projected quantity of digested sludge to be pumped to FRSA (TSS basis) is 102.1 TPD. This is based on tonnage trends from recent years which reflect the increased digestion from the operation of an eighth digester. It also includes the incremental impact to tonnage from the nine-month phase in of the pilot food waste co-digestion project.

Deer Island's FY16 Proposed Budget accounts for the impact of self-generation of electricity from the steam turbine generators, combustion turbine generators, hydroelectric generators, wind turbine generators, and photovoltaic panels. In total, these assets will provide approximately 30% of the total energy requirements.

Deer Island continues to comply with the conditions of the current National Pollutant Discharge Elimination System (NPDES) Permit which expired in FY06. Given the uncertainty regarding the timing of the permit renewal from the Environmental Protection Agency (EPA), Deer Island's FY16 Proposed Budget does not assume a new permit will be in effect during FY16. When the new permit is issued, it is anticipated that Deer Island's treatment process will be required to kill enterococcus in addition to fecal coliform to comply with the new regulations.

Budget Highlights:

- The FY16 Proposed Budget is \$50.9 million, an increase of \$1.5 million or 3.0%, from the FY15 Budget.
- \$18.8 million for **Wages and Salaries**, an increase of \$653,000 or 3.6%, over the FY15 Budget primarily due to wage increases associated with collective bargaining agreements. The FY16 Proposed Budget funds on average 232 filled permanent positions, two more funded positions than the FY15 Budget. The FY16 Proposed Budget also includes \$194,000 for stand-by pay to support operational and maintenance needs primarily during storms and emergencies, \$65,000 for one contract employee to assist with facility management, and \$16,000 for interns.
- \$1.1 million for **Overtime**, an increase of \$64,000 or 6.3%, over the FY15 Budget. The FY16 Proposed Budget is based on historical trends and supports overtime required for operational coverage, critical maintenance projects, regulatory requirements (i.e. inspections), and also the North Main Pump Station and Winthrop Terminal Facility Butterfly Replacement CIP project.
- \$3.1 million for **Chemicals**, a decrease of \$100,000 or 3.1%, from the FY15 Budget. The FY16 Proposed Budget reflects management's expectation that a new NPDES permit will not be in effect during FY16. The budget includes \$1.0 million for sodium hypochlorite, \$898,000 for ferric chloride, \$303,000 for activated carbon, \$293,000 for polymer, and \$115,000 for sodium bisulfite.
- \$14.2 million for **Utilities**, which includes \$10.1 million for electricity, \$1.9 million for diesel fuel, and \$1.7 million for water. The FY16 Proposed Budget reflects the average of three years of actual data for power usage and self-generation. The increase of \$493,000 or 3.6%, from the FY15 Budget is mainly due to projected increases in electricity pricing based on market assessments; water rate increases based on growth in MWRA's wholesale rate; and higher budgeted quantity of diesel fuel purchases to replenish inventory.
- \$12.9 million for **Maintenance**, an increase of \$266,000 or 2.1%, from the FY15 Budget. The FY16 Proposed Budget includes \$5.9 million for materials and \$7.0 million for services. Of the total, \$8.4 million or 65% is for plant and machinery services and materials, \$2.1 million is for electrical system maintenance, and \$2.2 million is for building and grounds work.
- \$173,000 for **Professional Services**, an increase of \$52,000 or 43.2%, from the FY15 Budget primarily due to the projected use of as-needed engineering services based on project needs. The budget includes \$105,000 for as-needed engineering services to support priority maintenance projects in FY16; \$50,000 for environmental testing required as part of MWRA's air quality permit; and \$18,000 for lab and testing and analysis.
- \$412,000 for **Other Materials**, an increase of \$41,000 or 11.1%, from the FY15 Budget. The FY16 Proposed Budget includes \$159,000 for health and safety materials, \$98,000 for work clothes, and \$68,000 for vehicles expenses (tolls, mileage, and gas). The increase is primarily associated with more need for health and safety supplies to comply with prevailing practices in the wastewater industry.
- \$261,000 for **Other Services**, an increase of \$13,000 or 5.1%, from the FY15 Budget. The FY16 Proposed Budget includes \$74,000 for permit fees, \$62,000 for hazardous safety services, \$36,000 for telephones, \$34,000 for membership dues and subscriptions, \$15,000 for freight charges, and \$10,000 for printing services

RESIDUALS MANAGEMENT

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|
| RESIDUALS MANAGEMENT PROGRAM | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 116,333 | \$ 115,594 | \$ 119,867 | \$ 130,163 | \$ 10,296 | 8.6% |
| OVERTIME | - | - | - | - | - | |
| FRINGE BENEFITS | - | - | - | - | - | |
| CHEMICALS | - | - | - | - | - | |
| UTILITIES | - | - | - | - | - | |
| ONGOING MAINTENANCE | 1,021,639 | 675,045 | 696,295 | 846,097 | 149,802 | 21.5% |
| TRAINING & MEETINGS | - | 357 | 3,400 | 3,400 | - | 0.0% |
| PROFESSIONAL SERVICES | - | 12,085 | 36,000 | 1,001 | (34,999) | -97.2% |
| OTHER MATERIALS | 12,079 | 6,402 | 100 | 10,100 | 10,000 | 10000.0% |
| OTHER SERVICES | 14,756,709 | 14,205,038 | 14,740,825 | 15,184,328 | 443,503 | 3.0% |
| TOTAL | \$ 15,906,760 | \$ 15,014,521 | \$ 15,596,487 | \$ 16,175,089 | \$ 578,602 | 3.7% |

Program Description and Goals:

The **Residuals Management Program** manages the processing and disposal of approximately 100-105 dry tons per day (on average per year) total suspended solids (TSS) of sludge from the anaerobic digestion process at Deer Island Treatment Plant, as well as the disposal of grit and screenings from all MWRA facilities. MWRA seeks to dispose of all sludge and grit and screenings in a reliable, economical, and environmentally sensitive manner.

- MWRA contracts with the New England Fertilizer Company (NEFCo) to operate the sludge processing facility, and to market and distribute sludge products. A 15-year contract with NEFCo became effective March 1, 2001 and will expire on December 31, 2015. A new, five year contract with NEFCo will go into effect in January 2016. MWRA pumps liquid sludge from Deer Island through the Braintree-Weymouth cross-harbor tunnel to the Fore River processing facility where the sludge is dewatered, dried, and shipped by either rail or truck for use as fertilizer or to other appropriate disposal. MWRA is committed to the beneficial reuse of biosolids to the greatest extent practicable.
- A recently completed third-party independent condition assessment of the NEFCo facility noted that the facility was in excellent condition and recommended only minor modifications to several control system devices.
- The proposed budget reflects an assumption of 102.1 tons per day (TPD based on TSS). This includes a base of 100.4 TPD per recent history which reflects improvements in digestion due to the use of an eighth digester. It also includes an average of 1.7 TPD due to the incremental impact of the phase-in of the DITP co-digestion project starting in October 2015.
- Grit and screenings (minor residuals) from MWRA's headworks and certain pump stations are collected and disposed of in landfills. MWRA contracts with a third party operator for this service. Minor residuals are by-products of wastewater pre-treatment and primary/secondary treatment processes and include grit, screenings, and scum screenings.

Budget Highlights:

- The FY16 Proposed Budget is \$16.2 million, an increase of \$579,000 or 3.7%, from the FY15 Budget.
- \$130,000 for **Wages and Salaries**, an increase of \$10,000 or 8.6%, as compared with the FY15 Budget mainly due to the inclusion of funds in FY16 for a part-time marketing intern position to assist with development of retail markets for MWRA's Bay State Fertilizer product. This line item funds one permanent position. This department also receives on-going management oversight and staff support from other departments of the MWRA including Deer Island, Treasury, and Operations Administration.

- \$846,000 for **Maintenance**, an increase of \$150,000 or 21.5%, from the FY15 Budget. The funding supports the maintenance repair, replacement, and improvement component of the NEFCo contract, which includes a specific level per year adjusted to account for inflation. The change from FY14 to FY15 is due to differences in the base amount in each calendar year as included in the approved, contractual maintenance schedule established at the time of the contract award. The FY16 Proposed Budget also reflects adjustments for current inflation indices and the likely timing of maintenance work.
- \$1,000 for **Professional Services** which is a placeholder for marketing and sales services to assist with development of retail markets for MWRA's Bay State Fertilizer product. The \$35,000 decrease from FY15 to FY16 reflects the exclusion of funding for bi-annual stack testing in FY16 since it will not be required in that year.
- \$15.2 million for **Other Services**, an increase of \$444,000 or 3.0%, from the FY15 Budget. The FY16 Proposed Budget primarily funds the **Sludge Pelletization** portion of the NEFCo contract. The FY16 Proposed Budget includes \$14.3 million for sludge processing, a \$406,000 increase as compared to the FY15 Budget primarily due to an increase in the projected inflation rates for materials, electricity, natural gas, and labor. Projected FY16 sludge tonnage of 102.1 average tons per day (TPD) is slightly less than the 103 TPD assumed in the FY15 CEB primarily due to adjustments to reflect recent history after an eighth digester became operational. In addition, this line item also covers Grit and Screenings disposal of \$889,000, which is \$36,000 more than the FY15 Budget due to expected price increases for the next contract.

CLINTON WASTEWATER TREATMENT PLANT

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|--------------|
| CLINTON WASTEWATER TREATMENT PROGRAM | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 604,116 | \$ 607,738 | \$ 625,208 | \$ 616,515 | \$ (8,693) | -1.4% |
| OVERTIME | 56,965 | 53,581 | 58,000 | 55,000 | (3,000) | -5.2% |
| FRINGE BENEFITS | 782 | 814 | 1,000 | 1,000 | - | 0.0% |
| CHEMICALS | 290,347 | 290,179 | 381,745 | 357,265 | (24,480) | -6.4% |
| UTILITIES | 221,034 | 248,488 | 229,163 | 248,540 | 19,377 | 8.5% |
| ONGOING MAINTENANCE | 185,143 | 236,616 | 206,540 | 463,720 | 257,180 | 124.5% |
| TRAINING & MEETINGS | - | - | 300 | 300 | - | 0.0% |
| PROFESSIONAL SERVICES | 1,566 | 1,688 | 1,700 | 1,700 | - | 0.0% |
| OTHER MATERIALS | 147,904 | 146,694 | 147,900 | 147,000 | (900) | -0.6% |
| OTHER SERVICES | 15,172 | 12,673 | 26,073 | 24,706 | (1,367) | -5.2% |
| TOTAL | \$ 1,523,029 | \$ 1,598,471 | \$ 1,677,629 | \$ 1,915,746 | \$ 238,117 | 14.2% |

Program Description and Goals:

The Clinton Wastewater Treatment Program provides advanced sewage treatment services to the Town of Clinton and the Lancaster Sewer District. MWRA assumed formal operational responsibility for the Clinton plant in 1987. Since then MWRA has designed and constructed new primary, secondary, and advanced treatment facilities which incorporated rehabilitated portions of the existing plant with new construction. The new facilities, designed to meet all current and projected National Pollutant Discharge Elimination System (NPDES) discharge standards, were completed in 1992.

The plant provides secondary treatment using an activated sludge process in combination with advanced nutrient removal and dechlorination. The major facilities include a headworks, primary settling tanks, digesters, sludge processes, trickling filters, aeration tanks, secondary tanks, and a chemical addition building. The plant discharges its effluent into the South Nashua River in accordance with the discharge limits of the facility's NPDES permit which limits effluent flow to 3.01 mgd. The plant has a potential peak flow rate of 12 mgd and a 6 mgd peak 24 hour rate. Residual materials are pressed and transported to an MWRA-owned landfill for disposal. Staff also performs regular monitoring of the landfill site.

The FY16 Proposed Budget reflects the third full fiscal year of operation of the Clinton aeration system efficiency improvements and redundant pumping at the influent and intermediate lift stations. These improvements were completed in the calendar year 2013. Staff commenced the projects based on a consultant study that recommended installing fine bubble diffusers in three of the six secondary aeration tanks and removing the existing mechanical mixers to obtain a better oxygen transfer rate while reducing electricity consumption. In FY12, the project scope was expanded to include the installation of four permanent submersible auxiliary pumps to increase pumping capacity during high flow conditions in the plant. It also included the installation of SCADA to control the system, collect data for storage, and visually monitor the processes. The redundant pumps also enable MWRA to avoid the cost of renting additional pumps which were required four times in the past. Further, the new submersible pumps are energy efficient and significantly reduce the plant's energy consumption. National Grid, in early 2013, allotted a grant for \$177,000 for this work which became available at completion.

The FY16 Proposed Budget assumes the NPDES permit will be in full effect for the whole year, which impacts the use of Ferric Chloride because the NPDES permit requires Clinton to remove more phosphorus from the effluent. However, the FY16 Proposed Budget for this chemical is less than the FY15 Budget due to refinements to usage estimates by Clinton management based on actual experience.

Clinton's FY16 Proposed Budget includes estimates for numerous maintenance projects including a \$250,000 placeholder for a periodic painting of the active concrete channel tanks to address deterioration due to contact with effluent.

The FY16 Proposed Budget does not include funds for the operating impact of the Clinton Digester Cleaning and Rehabilitation Capital projects. Clinton's two digesters are approximately 20% filled with compacted grit which is limiting their efficiency. The project calls for emptying, cleaning, and rehabilitating the tanks, installing a 36 inch influent gate, which would allow for throttling back on the plant flow during high flow conditions, and concrete repairs throughout the plant. This work may impact plant operations during wet weather emergencies/severe weather, thus increasing overtime and the timing of CEB maintenance projects. If this occurs, MWRA will identify available funds within the FY16 Proposed Budget and will absorb any additional expenses.

Budget Highlights:

- \$617,000 for **Wages and Salaries**, a decrease of \$9,000 or 1.4%, from the FY15 Budget. The FY16 Proposed Budget funds eight permanent positions, including one part-time clerical position that was previously budgeted as a temporary employee. The decrease from FY15 to FY16 reflects the inclusion of a vacancy rate to reflect the likely pace of hiring for positions that become vacant offset by cost of living adjustments.
- \$55,000 for **Overtime**, a decrease of \$3,000 or 5.2%, from the FY15 Budget based on historical trends. Overtime is used for critical maintenance work and to meet the 24 hour, 7 day per week emergency coverage requirement.
- \$357,000 for **Chemicals**, a decrease of \$24,000 or 6.4%, from the FY15 Budget due primarily to usage based on actual experience. Chemicals are used for sludge processing and disposal and wastewater treatment. The FY16 Proposed Budget assumes the new NPDES permit will be in effect for the full year. Chemicals represent 19% of the budget.
- \$248,000 for **Utilities**, an increase of \$19,000 or 8.5%, from the FY15 Budget. The budget includes \$167,000 for electricity, \$63,000 for fuel oil, and \$17,000 for water. Electricity is based primarily on FY14 actual usage because it was the first full fiscal year with the aeration system fully operational. The increase from FY15 to FY16 reflects projected electricity price escalations due to market conditions. Utilities represent 13% of the FY16 Proposed Budget.
- \$464,000 for **Maintenance**, an increase of \$257,000 or 125%, from the FY15 Budget due to the inclusion of a non-routine, major painting project. The FY16 Proposed Budget includes a \$250,000 placeholder for painting to address issues with an active concrete channel tank as well as \$70,000 for major projects based on the most current rolling priority list. The remainder of the budget is for routine materials and services. Maintenance represents 24% of the FY16 Proposed Budget.
- \$147,000 for **Other Materials**, a decrease of \$900 or 0.6%, from the FY15 Budget. The Other Materials budget includes \$135,000 for clean fill for the landfill operation.
- \$25,000 for **Other Services**, a decrease of \$1,000 or 5.2%, from the FY15 Budget. The budget includes \$11,000 for permit fees, \$5,000 for telephones, and \$3,000 for railroad easement expenses.

FIELD OPERATIONS

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|--|
| FIELD OPERATIONS | | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | | |
| WAGES & SALARIES | \$ 34,454,831 | \$ 34,692,877 | \$ 36,779,779 | \$ 37,408,968 | \$ 629,189 | 1.7% | |
| OVERTIME | 2,457,640 | 2,292,931 | 2,361,273 | 2,894,395 | 533,122 | 22.6% | |
| FRINGE BENEFITS | 41,612 | 38,899 | 42,963 | 43,525 | 562 | 1.3% | |
| CHEMICALS | 6,741,434 | 6,657,273 | 6,645,277 | 6,699,993 | 54,716 | 0.8% | |
| UTILITIES | 9,263,087 | 9,824,167 | 9,428,338 | 10,300,830 | 872,492 | 9.3% | |
| ONGOING MAINTENANCE | 9,163,714 | 10,046,175 | 9,859,113 | 9,611,321 | (247,792) | -2.5% | |
| TRAINING & MEETINGS | 82,664 | 83,155 | 92,000 | 111,000 | 19,000 | 20.7% | |
| PROFESSIONAL SERVICES | 556,815 | 249,182 | 779,000 | 346,618 | (432,382) | -55.5% | |
| OTHER MATERIALS | 2,670,625 | 1,194,527 | 1,087,385 | 1,078,815 | (8,570) | -0.8% | |
| OTHER SERVICES | 3,003,496 | 3,075,957 | 2,985,511 | 3,179,293 | 193,782 | 6.5% | |
| TOTAL | \$ 68,435,918 | \$ 68,155,143 | \$ 70,060,639 | \$ 71,674,758 | \$ 1,614,119 | 2.3% | |

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|--|
| FIELD OPERATIONS by Program | | | | | | | |
| PROGRAM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | | |
| TOXIC REDUCTION & CONTROL | \$ 3,344,029 | \$ 3,588,160 | \$ 3,816,083 | \$ 3,826,675 | \$ 10,592 | 0.3% | |
| WASTEWATER OPERATIONS | 12,223,165 | 11,915,072 | 12,449,729 | 13,023,874 | 574,145 | 4.6% | |
| WATER OPERATIONS & MAINT | 26,424,383 | 27,634,874 | 27,998,583 | 28,842,631 | 844,048 | 3.0% | |
| METRO MAINTENANCE | 14,915,954 | 15,476,383 | 15,641,949 | 15,919,816 | 277,867 | 1.8% | |
| OPERATIONS SUPPORT | 4,692,076 | 4,680,909 | 4,957,462 | 4,845,055 | (112,407) | -2.3% | |
| FOD ADMIN | 6,836,311 | 4,859,745 | 5,196,833 | 5,216,707 | 19,874 | 0.4% | |
| TOTAL | \$ 68,435,918 | \$ 68,155,143 | \$ 70,060,639 | \$ 71,674,758 | \$ 1,614,119 | 2.3% | |

The primary goal of the **Field Operations Department (FOD)** is to provide high quality, uninterrupted water delivery and wastewater collection services to MWRA communities. The department is responsible for the treatment, transmission, and distribution of water from the Quabbin and Wachusett reservoirs to community water systems. It also manages the collection, transport, and screening of wastewater flow from MWRA communities to the Deer Island Treatment Plant as well as MWRA’s industrial pretreatment, permitting, and monitoring program. FOD consists of six operating units: Toxic Reduction and Control, Wastewater Operations, Metropolitan Maintenance, Water Operations and Maintenance, Operations Support, and Administration.

The Toxic Reduction and Control (TRAC) Department operates a multi-faceted program to minimize and control the inflow of hazardous or toxic materials into the MWRA sewer system. TRAC operates MWRA’s Environmental Protection Agency (EPA) approved Industrial Pretreatment Program and is responsible for all associated activities which include conducting inspections (approximately 700 annually), issuing permits (300 annually), conducting sampling (more than 2,000 events annually), and carrying out enforcement activities (approximately 400 annually). The program tracks more than 1,400 permitted facilities and 4,000 gas/oil separators. TRAC uses a software application to manage an extensive amount of industrial data on analytical test results, compliance status, and facility sampling and permitting requirements.

Wastewater Operations operates MWRA’s wastewater transport facilities, including four continuously staffed Headworks facilities; 12 fully automated pumping stations; and seven Combined Sewer Overflow (CSO) facilities which are similarly unstaffed. The wastewater system is monitored and controlled from the operations control center (OCC) in MWRA’s Chelsea facility.

Water Operations and Maintenance is responsible for the treatment and delivery of approximately 196 million gallons per day (three year average mgd) of water from the Quabbin and Wachusett reservoirs to the community water systems. The water system encompasses a service area from Chicopee in the western part of the state to Lynnfield, Wakefield, Marblehead, Norwood and Canton in the metropolitan area. This unit operates and maintains MWRA's western waterworks facilities, including the Carroll Water Treatment Plant, the MetroWest Tunnel, the Brutsch Water Treatment Plant, the Cosgrove Intake Facility, the Norumbega Reservoir, and the covered storage facilities. There are two operations centers that provide for monitoring and control of the water system on a 24-hour per day basis. The Metropolitan Operations and Control Center (OCC) is located at MWRA's Chelsea facility and the Western Operations Center is located at the Carroll Water Treatment Plant.

Metropolitan Maintenance is responsible for the maintenance of MWRA's wastewater and water systems and facilities within the Route 128 area. Staff maintains pipelines, valves, interceptors, pumps, facility equipment, buildings, and grounds. Metropolitan Maintenance staff maintains a waterworks network of approximately 300 miles of water mains, 4,955 valves, 18 miles of deep rock tunnels, twelve pump stations, eight tunnel shafts, twelve distribution storage tanks, and a wastewater network of 240 miles of wastewater interceptors and appurtenances, twelve pump stations, four headworks, and six CSO facilities. This unit also performs TV inspections of the wastewater interceptor system and leak detection. In addition, this unit maintains 179 revenue water meters, 26 master water meters, 187 revenue wastewater meters, and 35 other wastewater monitoring sites.

Operations Support provides technical support to the Field Operations Department (FOD) in two key areas. Engineering staff coordinate all engineering issues related to the operation of the water and wastewater systems. The SCADA unit is responsible for the maintenance of the water and wastewater Supervisory Control and Data Acquisition (SCADA) systems.

FOD Administration provides financial, administrative, planning, and policy oversight functions for the entire Field Operations Department.

Budget Highlights:

- The FY16 Proposed Budget is \$71.7 million, an increase of \$1.6 million or 2.3%, from the FY15 Budget.
- \$37.4 million for **Wages and Salaries**, an increase of \$629,000 or 1.7%, from the FY15 Budget mainly due to wage increases associated with collective bargaining agreements and more funding for the intern program. The Wages and Salaries line item accounts for 52% of the FY16 Proposed Budget and funds 482 positions; offset by a 2% vacancy rate to reflect the likely pace of hiring for positions that become vacant. Of the remaining budget, \$488,000 is for stand-by pay to ensure support for operational and maintenance needs during wet weather and emergencies, and \$117,000 is for interns to provide support in several areas including Operations Engineering, SCADA, and TRAC.
- \$2.9 million for **Overtime**, an increase of \$533,000 or 22.6%, from the FY15 budget. The budget includes \$1.2 million for emergency related overtime; \$1.1 million for planned overtime – an increase of \$506,000 from the FY15 budget, due mainly to anticipated need to for overtime for the North Main Pump Station/Winthrop Terminal Facility Butterfly Replacement project; and \$572,000 for operational coverage needs.
- \$6.7 million for **Chemicals**, of which \$6.4 million is for water treatment and \$323,000 is for wastewater treatment. The FY16 Proposed Budget is \$55,000 or 0.8% higher than the FY15 Budget due to increases of \$132,000 in Soda Ash, primarily due to estimated price increase, and \$55,000 in Fluoride, as the Federal regulations lowering the dosage have not been implemented. These increases are offset by decreases of \$119,000 in Sodium Hypochlorite due to estimated lower pricing and \$10,000 for Copper Sulfite due to less need to treat algae blooms in recent years. Additionally, Sodium Bisulfite decreases by \$17,000, of which \$12,000 of this decrease is at the Carroll Water Treatment Plant where the current contract price is less than the FY15 budget price.

- \$10.3 million for **Utilities**, an increase of \$872,000 or 9.3%, from the FY15 Budget. The FY16 Proposed Budget includes \$7.3 million for electricity, \$1.9 million for diesel fuel, \$516,000 for water, \$486,000 for natural gas, and \$88,000 for propane. Electricity increases \$927,000 primarily due to projected price increases, offset by a \$24,000 placeholder for estimated savings from anticipated installation of solar panels at the Chelsea facility and Water increases by \$30,000 due to pricing. These increases are offset by a \$32,000 net reduction for Diesel Fuel based on historical trends and \$30,000 reduction in Natural Gas due to the estimated use at the newly converted IPS.
- \$9.6 million for **Maintenance**, a decrease of \$248,000 or 2.5%, from the FY15 Budget. The FY16 Proposed Budget includes \$4.3 million in day-to-day needs, \$3.2 million for services, \$1.7 million in major projects, and \$418,000 for energy initiatives. Some of the major projects planned for FY16 Proposed Budget include:

| | |
|------------------------------------------------------------|-----------|
| Manhole Rehabilitation Contract | \$360,000 |
| Invasives Control - Stillwater Basin - DASH | \$213,500 |
| Replace Washdown Piping with Stainless Steel at Prison Pt. | \$125,000 |
| Carpet Replacement - Chelsea Facility | \$100,000 |
| Annual tank cleaning | \$100,000 |
| Retrofit new VFDs for Caruso Large Pumps | \$90,000 |

- \$111,000 for **Training and Meetings**, an increase of \$19,000 or 20.7%, from the FY15 Budget which covers training required for work duties, health and safety compliance, and job-related licensures and certifications. Cyber security training as well as SCADA technical training contributed significantly to the increase in FY16.
- \$347,000 for **Professional Services**, a decrease of \$432,000 or 55.5%, from the FY15 Budget. The reduction reflects the resizing of budgets for as-needed engineering services, leak detection surveys, dam safety work, and energy audits based on projected needs in FY16. It also reflects the removal of a placeholder for a metropolitan Boston Local Limit Study of \$125,000 resulting from the delay in issuance of the next NPDES permit for DITP. The FY16 Proposed Budget includes \$213,000 for engineering services, which is made up of \$133,000 for as-needed engineering services to support CEB-funded maintenance projects; \$65,000 for a multi-year dam safety contract; and \$15,000 for evaluation of spill prevention, control, and countermeasure plans. Additionally, the Professional Services budget also includes \$65,000 for an annual macrophyte survey at the reservoirs; \$55,000 for water quality assurance services for macrophyte harvesting; and \$10,000 for energy audits at various facilities.
- \$1.1 million for **Other Materials**, a decrease of \$9,000 or 0.8%, from the FY15 Budget. The FY16 Proposed Budget includes \$402,000 for vehicle expenses for gas, mileage reimbursements, and tolls; \$219,000 for health and safety supplies, \$252,000 for work clothes; and \$100,000 for lab and testing supplies.
- \$3.2 million for **Other Services**, an increase of \$194,000 or 6.5%, from the FY15 Budget due to increases in taxes associate with lease payments and use of police details based on projected projects. The FY16 Proposed Budget includes \$2.0 million for annual lease payments for the Chelsea office building; \$505,000 for telephones, and \$435,000 for police details.

LABORATORY SERVICES

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| LABORATORY SERVICES | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 4,113,753 | \$ 4,200,693 | \$ 4,563,513 | \$ 4,543,295 | \$ (20,218) | -0.4% |
| OVERTIME | 71,746 | 61,699 | 56,706 | 61,706 | 5,000 | 8.8% |
| FRINGE BENEFITS | 512 | 505 | 1,200 | 600 | (600) | -50.0% |
| CHEMICALS | - | - | - | - | - | |
| UTILITIES | 23,032 | 27,689 | 24,265 | 27,205 | 2,940 | 12.1% |
| ONGOING MAINTENANCE | 252,330 | 248,489 | 285,652 | 307,396 | 21,744 | 7.6% |
| TRAINING & MEETINGS | 141 | 5,176 | 2,000 | 4,000 | 2,000 | 100.0% |
| PROFESSIONAL SERVICES | 130,607 | 156,185 | 155,395 | 151,445 | (3,950) | -2.5% |
| OTHER MATERIALS | 889,095 | 827,126 | 985,556 | 1,028,498 | 42,942 | 4.4% |
| OTHER SERVICES | 82,390 | 93,753 | 92,985 | 92,651 | (334) | -0.4% |
| TOTAL | \$ 5,563,606 | \$ 5,621,315 | \$ 6,167,272 | \$ 6,216,796 | \$ 49,524 | 0.8% |

The goal of the **Department of Laboratory Services (DLS)** is to provide high quality and responsive laboratory services to MWRA's water and wastewater treatment programs, including the Department of Conservation and Recreation (DCR) and the MWRA member water and wastewater communities. This includes timely and cost-effective laboratory tests to meet the strict testing guidelines required by all regulatory programs and permits, including the Safe Drinking Water Act (SDWA), Clean Water Act, and National Pollutant Discharge Elimination System (NPDES) permits. The Department supports these functions at five locations: Chelsea, Southboro, Quabbin, the Central Laboratory at the Deer Island Treatment Plant (DITP), and the Clinton Wastewater Treatment Plant. Testing supports drinking water transmission and treatment processes, wastewater operations and process control at Deer Island and Clinton, NPDES compliance, Massachusetts Bay outfall monitoring, Toxic Reduction and Control (TRAC), and wastewater residuals. DLS also conducts the Boston Harbor monitoring program that involves regular sampling for nutrients, bacteria, and water quality parameters throughout Boston Harbor. Laboratory staff track and analyze results for submission to the Environmental Protection Agency (EPA) and the Massachusetts Department of Environmental Protection (MassDEP).

Most MWRA laboratory testing is done in-house. Certain highly specialized or low volume tests are outsourced, such as tests for dioxins and radioactivity.

Budget Highlights:

- The FY16 Proposed Budget is \$6.2 million, an increase of \$50,000 or 0.8%, from the FY15 Budget.
- \$4.6 million for **Wages and Salaries**, a decrease of \$20,000 or 0.4%, from the FY15 Budget. The FY16 Proposed Budget funds 55 positions, the same as in FY15. The FY16 Proposed Budget also includes \$113,000 for up to three temporary employee positions to cover peak workload and to assist with testing for Harbor and Outfall Monitoring, Carroll Water Treatment Plant special projects, and summer beach monitoring. The decrease from FY15 to FY16 is primarily due to a reduction to the budget for Stand-by Pay based on historical trends offset by increases for cost of living adjustments.
- \$27,000 for **Utilities**, an increase of \$3,000 or 12.1%, as compared with the FY15 Budget. This funding covers the purchase of gases and cryogenic liquids used for various laboratory instruments.
- \$307,000 for **Maintenance**, an increase of \$22,000 or 7.6%, from the FY15 Budget. The increase is primarily due to expected spending in FY16 for Laboratory building modifications for the Southboro HVAC/roof project and the service contract for the Mobile Lab equipment. The FY16 Proposed Budget includes \$210,000 for equipment service contracts, \$36,000 for harbor monitoring field equipment replacements, \$30,000 for Heating

Ventilation Air Conditioning (HVAC) services to annually maintain and certify the fume hoods, and \$30,000 for laboratory modifications.

- \$4,000 for **Training and Meetings**, an increase of \$2,000 or 100%, from the FY15 Budget. The funding covers EPA Environmental Laboratory Advisory Board Forum on Lab Accreditation/National Environmental Monitoring Conference.
- \$151,000 for **Professional Services**, a decrease of \$4,000 or 2.5%, from the FY15 Budget. Funding in this line item supports laboratory and testing analysis services the department uses to contract out a variety of complex and/or low volume tests. Outside laboratories are used for emergencies, second opinions, capacity constraints, and unavailability of specialized equipment or economic justification. This budget also funds outside testing for the EPA-mandated unregulated contaminant monitoring rule 3 program (UCMR3) which is required for three years (FY14 to FY16).
- \$1.0 million for **Other Materials**, an increase of \$43,000 or 4.4%, from the FY15 Budget mainly due to the inclusion of additional supplies for the mobile laboratory. The FY16 Proposed Budget includes \$680,000 for laboratory and testing supplies and \$300,000 for replacement of obsolete lab instruments.
- \$93,000 for **Other Services**, which is primarily level funded with the FY15 Budget. The FY16 Proposed Budget primarily covers boat rental service on an as-needed basis, boat dockage for two boats, removal of hazardous waste, and courier service for shipping samples between laboratories.

ENVIRONMENTAL QUALITY

| ENQUAL | | | | | | |
|-----------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 2,711,894 | \$ 2,664,297 | \$ 2,972,387 | \$ 2,967,876 | \$ (4,511) | -0.2% |
| OVERTIME | 4,145 | 2,734 | 4,621 | 4,800 | 179 | 3.9% |
| FRINGE BENEFITS | 35 | 11 | 200 | 200 | - | |
| CHEMICALS | - | - | - | - | - | |
| UTILITIES | - | - | - | - | - | |
| ONGOING MAINTENANCE | 21,613 | 24,265 | 55,500 | 55,500 | - | |
| TRAINING & MEETINGS | 3,595 | 3,406 | 14,000 | 15,000 | 1,000 | 7.1% |
| PROFESSIONAL SERVICES | 1,221,137 | 1,292,785 | 1,454,340 | 1,459,775 | 5,435 | 0.4% |
| OTHER MATERIALS | 44,219 | 34,430 | 52,581 | 54,580 | 1,999 | 3.8% |
| OTHER SERVICES | 79,317 | 121,601 | 109,604 | 109,954 | 350 | 0.3% |
| TOTAL | \$ 4,085,955 | \$ 4,143,529 | \$ 4,663,233 | \$ 4,667,685 | \$ 4,452 | 0.1% |

The **Environmental Quality Department** (EnQual) has two sections: EnQual-Water and EnQual-Wastewater (WW). EnQual-Water manages compliance with reporting requirements of the MA DEP Drinking Water Regulations, as well as conducts and oversees the drinking water quality monitoring program. Activities include maintaining and monitoring the Contaminant Monitoring System (CMS) and a mobile S::CAN unit for as-needed sampling in the communities. EnQual-Water also maintains an algae monitoring program, responds to customer complaints, and reviews system water quality data. EnQual-WW manages compliance with the reporting requirements of MWRA's National Pollutant Discharge Elimination System (NPDES) permits. The group must submit permit reports to state and federal regulators, the science advisory panel and its subcommittees, and several libraries, and post many of these reports on EnQual's Harbor and Bay web pages. EnQual-WW also monitors the quality of sewage influent and effluent, and of Boston Harbor, its tributary rivers, and Massachusetts Bay; manages environmental data; and produces technical reports.

Budget Highlights:

- The FY16 Proposed Budget is \$4.7 million, an increase of \$4,000 or 0.1%, from the FY15 Budget.
- \$3.0 million for **Wages & Salaries**, essentially level-funded with the FY15 Budget. The budget funds 33 positions offset by a 2% vacancy rate to reflect the likely pace of hiring for backfilling vacant positions.
- \$56,000 for **Ongoing Maintenance**, level-funded with the FY15 Budget. This funds equipment and maintenance of drinking water Contaminant Monitoring System and S::CAN drinking water analysis equipment.
- \$1.5 million for **Professional Services**, which is level funded with the FY15 Budget. Of the total budget, \$1.2 million is for laboratory testing and analysis in support of MWRA's Harbor and Outfall Monitoring (HOM) Program, including Cape Cod bay monitoring; and \$300,000 covers contracts for the following activities which are co-funded through cost-sharing arrangements:
 - o University of Maine's buoy off Cape Ann; instruments measuring algae and other water quality indicators
 - o Bays Eutrophication Model maintenance
 - o Study of satellite imaging to measure water quality.

The FY16 Proposed Budget continues to reflect approximately \$840,000 in annual savings due to the reduction in scope of HOM monitoring that took place in 2011 through 2013 based on favorable findings of more than nine years of monitoring data and regulatory approval.

- \$55,000 for **Other Materials**, an increase of \$2,000 or 3.8%, from the FY15 Budget. Funding in this line item mainly support Health and Safety supplies need for operations.
- \$110,000 for **Other Services**, level funded with the FY15 Budget. This funds professional memberships and Verizon communication costs related to the Contaminant Monitoring System.

ENGINEERING AND CONSTRUCTION

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|--------------|
| ENGINEERING AND CONSTRUCTION | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 7,120,388 | \$ 7,068,191 | \$ 7,903,885 | \$ 7,587,583 | \$ (316,302) | -4.0% |
| OVERTIME | 72,736 | 43,123 | 64,500 | 65,965 | 1,465 | 2.3% |
| FRINGE BENEFITS | 341 | 126 | 500 | 500 | - | 0.0% |
| CHEMICALS | - | - | - | - | - | |
| UTILITIES | - | - | - | - | - | |
| ONGOING MAINTENANCE | 6,825 | 9,603 | - | - | - | |
| TRAINING & MEETINGS | 4,677 | 5,166 | 6,400 | 8,900 | 2,500 | 39.1% |
| PROFESSIONAL SERVICES | 7,503 | - | 25,000 | 1 | (24,999) | -100.0% |
| OTHER MATERIALS | 37,261 | 28,899 | 40,480 | 35,095 | (5,385) | -13.3% |
| OTHER SERVICES | 23,556 | 19,969 | 28,815 | 30,315 | 1,500 | 5.2% |
| TOTAL | \$ 7,273,287 | \$ 7,175,077 | \$ 8,069,580 | \$ 7,728,359 | \$ (341,221) | -4.2% |

The **Engineering and Construction Department (ECD)** manages and coordinates the planning, design, and construction of system improvements that ensure a safe and adequate water supply and a reliable wastewater collection and treatment. Staff is organized into three units including Wastewater Engineering, Water Engineering, and Construction.

The department provides in-house engineering, consultant management (during the facilities planning, environmental review, design, and engineering services during construction stages of capital projects), drafting, surveying, construction management, and other technical assistance required for the maintenance, repair, and rehabilitation of wastewater and waterworks systems. The **Wastewater Engineering Unit** manages all wastewater design and engineering projects including Combined Sewer Overflow (CSO) engineering activities. The unit also maintains the Design Information Services Center (DISC), which provides computer-aided design and drafting (CADD) services. The **Water Engineering Unit** manages all water design and engineering projects as well as specialized technical services in electrical, structural, mechanical, and civil engineering disciplines. The **Construction Unit** provides contract management and resident inspection on all MWRA water and wastewater construction and rehabilitation projects, with the exception of Deer Island Treatment Plant.

Budget Highlights:

- The FY16 Proposed Budget is \$7.7 million, a decrease of \$341,000 or 4.2%, from the FY15 Budget.
- \$7.6 million for **Wages and Salaries**, a decrease of \$316,000 or 4.0%, from the FY15 Budget. Wages and Salaries represent 98.1% of the FY16 Proposed Budget and includes funding for 79 positions, less a vacancy rate adjustment. This funding level is four positions fewer than included in the FY15 Budget.
- \$66,000 for **Overtime**, an increase of \$1,000 or 2.3%, from the FY15 Budget. The increase in OT is mainly due to the new collective bargaining agreements. Overtime covers resident inspection at construction sites after regular work hours to ensure monitoring of construction projects. Overtime is also used for unplanned design or survey needs, attendance at evening public meetings, and meeting deadlines.
- \$9,000 for **Training & Meetings**, an increase of \$2,500 or 39.1%, from the FY15 Budget. Training funds cover attendance at conferences and technical seminars.

- **Professional Services**, a decrease of \$25,000 or 100%, from the FY15 Budget. Funding for as-needed utility borings/test pit services to support CEB projects was eliminated. Management expects minimal usage of this new contract for CEB in-house projects. If required, spending will be absorbed within the FY16 Proposed Budget.
- \$35,000 for **Other Materials**, a decrease of \$5,000 or 13.3%, from the FY15 Budget primarily due to lower historical spending for vehicle expenses and office supplies. The budget covers vehicle expenses, office supplies, health and safety supplies, and survey equipment.
- \$30,000 for **Other Services**, an increase of \$2,000 or 5.2%, from the FY15 Budget due to higher historical spending for membership and dues. Funding in this line items supports printing/duplicating, telephone expenses, specialized copier services, memberships and dues, and police details.

PLANNING DEPARTMENT

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| PLANNING AND COORDINATION | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | 2,472,853 | 2,558,048 | 2,656,149 | 2,900,699 | \$ 244,550 | 9.2% |
| OVERTIME | 681 | - | 1,388 | 1,500 | 112 | |
| FRINGE BENEFITS | 11 | - | 33 | 50 | 17 | |
| CHEMICALS | - | - | - | - | - | |
| UTILITIES | 63 | - | - | - | - | |
| ONGOING MAINTENANCE | 188,733 | 167,447 | 191,200 | 195,200 | 4,000 | 2.1% |
| TRAINING & MEETINGS | 7,590 | 10,958 | 6,000 | 8,500 | 2,500 | 41.7% |
| PROFESSIONAL SERVICES | 1,631 | 3,100 | 3,100 | 3,100 | - | 0.0% |
| OTHER MATERIALS | 133,195 | 163,506 | 167,625 | 170,875 | 3,250 | 1.9% |
| OTHER SERVICES | 180,132 | 178,210 | 199,223 | 197,992 | (1,231) | -0.6% |
| TOTAL | \$ 2,984,889 | \$ 3,081,269 | \$ 3,224,718 | \$ 3,477,916 | \$ 253,198 | 7.9% |

The **Planning Department** provides regulatory, public policy and public health advocacy for MWRA’s drinking water and wastewater programs. It provides decision support on planning, policy and operations matters, using a range of technical and analytical tools. Staff administers financial assistance programs to improve the infrastructure of member communities and to promote water conservation, and manages the wholesale meter data necessary for water and sewer billing. The Department integrates staff efforts and coordinates MWRA activities related to system and capital planning, infrastructure renewal, and watershed management (in conjunction with the Commonwealth’s Department of Conservation and Recreation; DCR); strategic business planning; agency-wide performance measurement; and industry research. The Department’s primary responsibilities are as follows:

Mapping, Modeling, and Data Analysis - Technical staff develops and maintains the Geographic Information Systems (GIS) for the water and wastewater systems, including integration of field and engineering records into GIS for access by planning, engineering, and operations staff. Provides demand analysis and forecasting of water and wastewater flows for master planning and system operations; models reservoir operations and performs drought forecasting and planning; evaluates system expansion requests; and develops and maintains water and wastewater system models in support of master planning, system operations, and optimization. Staff assists in developing agency wide summaries of energy and greenhouse gas emission efficiency improvements.

System Planning and Renewal - Staff with expertise in engineering and planning are responsible for water and wastewater system master planning, infrastructure needs assessment, and capital project development. This work is done in coordination with staff across MWRA. Key work includes:

- reviews water and wastewater system expansion requests, water supply agreements, and emergency water withdrawal requests
- assists with project siting decisions, environmental reviews, and permitting, including assessing impacts on MWRA facilities from other agencies’ projects
- develops strategies for reducing long-term emergency risks
- prepares plans for mitigating the risk of a range of hazards (i.e. climate change and sea level rise) on MWRA facilities and systems.

Regulatory and Policy Matters - Staff work with various regulatory entities to advocate for cost-effective rule setting that protects the environment and promotes public health. Senior staff members also actively work with industry associations and other groups with agendas consistent with MWRA’s to advance regulations that make environmental and economic sense. Senior staff conducts strategic policy research on a broad range of topics. Staff also conducts public health research and reports on potable water quality through production of the annual regulatory-required Consumer Confidence Report (CCR). Staff also coordinates with DCR on watershed protection initiatives.

Community Support Program - Staff are responsible for the development, implementation, and reporting on inflow/infiltration (I/I) reduction policy; oversight of and reporting on MWRA leak detection and demand management programs; and reporting on the portions of MWRA's NPDES permit related to demand management and flow limitation activities. Staff administers community assistance programs including sewer inflow/infiltration financial and technical assistance, water pipeline rehabilitation financial assistance, water distribution systems technical assistance, water leak detection technical assistance, and water conservation programs.

Meter Data – Staff maintains 179 revenue water meters, 26 master water meters, 187 revenue wastewater meters and 35 other wastewater monitoring sites. This unit collects meter data for operational and revenue generating purposes from the water and wastewater systems.

Budget Highlights:

- The FY16 Proposed Budget is \$3.5 million, an increase of \$253,000 or 7.9%, from the FY15 Budget.
- \$2.9 million for **Wages and Salaries**, an increase of \$245,000 or 9.2%, from the FY15. The FY16 Proposed Budget includes funding for 30 permanent positions which is two more than funded in FY15. The budget also includes a 2% vacancy rate to reflect the likely pace of hiring for vacant positions. The budget increase is primarily due to wage increases associated with collective bargaining agreements plus the two additional funded positions. The FY16 Proposed Budget also includes \$13,000 for two summer interns to assist with GIS work and policy research and \$13,000 for Stand By Pay to support employees on call for Telog issues.
- \$195,000 for **Maintenance**, an increase in cost of \$4,000 or 2.1%, from the FY15 Budget. The FY16 Proposed Budget \$70,000 in Special Equipment Services for water meter flow testing, \$60,000 for wastewater meter verification, \$60,000 for wastewater community testing temporary metering, and \$5,000 for telog software maintenance.
- \$9,000 for **Training and Meetings**, an increase of \$3,000 or 41.7%, from the FY15 Budget. The budget covers participation in training and conferences primarily focused on water quality regulations and geographic information systems.
- \$3,000 for **Professional Services**, which is level funded with the FY15 Budget and covers costs associated with the translation of the Consumer Confidence Report and also programming of the GIS user interface.
- \$171,000 for **Other Materials**, an increase of \$3,000 or 1.9%, as compared with the FY15 Budget primarily due to anticipated postage increases. This line item includes funding of \$143,000 for postage and mailing of the Consumer Confidence Report (CCR), \$15,000 for water conservation kits, \$10,000 for mapping supplies, \$2,000 for office supplies, \$1,000 for vehicle expenses, and \$500 for work clothes for the employees in our Meter Data section.
- \$198,000 for **Other Services**, a decrease of \$1,000 or 0.6%, as compared with the FY15 Budget. The funding in this line item includes \$118,000 for telephones expenses to support meter operations, \$60,000 for printing the Consumer Confidence Report, \$18,000 for printing water conservation and other informational brochures, \$2,000 for Memberships and Dues, and \$1,000 for Police Details.



Law Division
Budget

LAW DIVISION

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|
| LAW DIVISION | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 1,541,984 | \$ 1,553,270 | \$ 1,576,145 | \$ 1,751,670 | \$ 175,525 | 11.1% |
| OVERTIME | - | - | - | - | - | 0.0% |
| TRAINING & MEETINGS | 890 | 3,438 | 1,000 | 1,000 | - | 0.0% |
| PROFESSIONAL SERVICES | 60,014 | 90,548 | 121,000 | 116,000 | (5,000) | -4.1% |
| OTHER MATERIALS | 3,656 | 5,160 | 5,964 | 5,984 | 20 | 0.3% |
| OTHER SERVICES | 24,400 | 23,625 | 28,147 | 25,947 | (2,200) | -7.8% |
| TOTAL | \$ 1,630,944 | \$ 1,676,041 | \$ 1,732,256 | \$ 1,900,601 | \$ 168,345 | 9.7% |

The Law Division provides legal counsel to the Board of Directors, the Executive Director, and staff on compliance with federal and state laws, regulations, court cases, and administrative orders. Staff also handle and provide assistance with respect to litigation matters, real estate matters, labor/employment issues, procurement, and construction issues. The General Counsel interprets the MWRA Enabling Act and provides advice on conflict of interest and Code of Conduct issues. Division attorneys monitor the work of outside counsel when it is necessary to retain such services.

Law Division staff, though usually representing MWRA in a defensive posture, also work with Operations Division staff to effectuate cost recovery claims for design errors and omissions. In addition, the Law Division assists in the early resolution of contractor and vendor claims prior to litigation so as to resolve them as favorably and early as possible thereby reducing or eliminating litigation costs and interest payable.

FY16 Goals:

- Timely and cost effective resolution of legal disputes involving MWRA, through litigation or alternative means of dispute resolution.
- High quality legal services to support the business and operational needs of MWRA in the areas of real estate, labor and employment, regulatory compliance, litigation, construction, and business law.
- Advocacy of MWRA interests in new and developing regulatory issues.
- Continue to exhaust all opportunities to shift cost of legal representation to insurers and indemnitors and to litigate insurance coverage disputes as they arise, all in the interest of cost savings.

Budget Highlights:

- The FY16 Proposed Budget is \$1.9 million, an increase of \$168,000 or 9.7%, as compared with the FY15 Budget.
- \$1.7 million for **Wages and Salaries**, an increase of \$176,000 or 11.1%, as compared with the FY15 Budget mainly due to cost of living adjustments, union settlement for one employee, and addition of one staff member. The budget funds 17 positions, one position more than in FY15.
- \$116,000 for **Professional Services**, a decrease of \$5,000 or 4.1%, from the FY15 Budget. Funding in the line item supports projected need for outside legal services during FY16.
- \$26,000 for **Other Services**, a decrease of \$2,000 or 7.8%, from the FY15 Budget. Funding in this line item supports legal database administrative fees and professional membership and dues for the legal staff.



Administration & Finance Division
Budget

ADMINISTRATION AND FINANCE DIVISION

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|
| ADMINISTRATION AND FINANCE | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 15,326,938 | \$ 15,502,850 | \$ 16,140,450 | \$ 16,514,272 | \$ 373,822 | 2.3% |
| OVERTIME | 69,354 | 67,175 | 62,404 | 60,714 | (1,690) | -2.7% |
| FRINGE BENEFITS | 17,477,887 | 18,017,803 | 18,238,135 | 18,943,857 | 705,722 | 3.9% |
| WORKERS' COMPENSATION | 2,114,701 | 2,311,448 | 2,200,000 | 2,343,000 | 143,000 | 6.5% |
| UTILITIES | 97,516 | 87,533 | 101,773 | 106,026 | 4,253 | 4.2% |
| ONGOING MAINTENANCE | 3,149,242 | 4,906,970 | 3,629,643 | 3,727,532 | 97,889 | 2.7% |
| TRAINING & MEETINGS | 201,462 | 178,212 | 206,516 | 205,516 | (1,000) | -0.5% |
| PROFESSIONAL SERVICES | 1,046,588 | 977,577 | 1,187,552 | 1,165,612 | (21,940) | -1.8% |
| OTHER MATERIALS | 1,119,318 | 1,338,063 | 1,327,169 | 1,170,417 | (156,752) | -11.8% |
| OTHER SERVICES | 3,167,801 | 3,036,329 | 3,152,547 | 3,301,949 | 149,402 | 4.7% |
| TOTAL | \$ 43,770,807 | \$ 46,423,960 | \$ 46,246,189 | \$ 47,538,895 | \$ 1,292,706 | 2.8% |

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|
| ADMINISTRATION AND FINANCE | | | | | | |
| DEPARTMENT | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| DIR OFFICE (FINANCE) | \$ 349,834 | \$ 345,912 | \$ 412,829 | \$ 406,467 | \$ (6,362) | -1.5% |
| RATES AND BUDGET | 773,302 | 797,963 | 814,128 | 848,346 | 34,218 | 4.2% |
| TREASURY | 974,700 | 966,582 | 1,016,075 | 1,020,296 | 4,221 | 0.4% |
| CONTROLLER | 1,487,530 | 1,487,662 | 1,592,225 | 1,562,607 | (29,618) | -1.9% |
| RISK MANAGEMENT | 395,442 | 455,596 | 432,181 | 461,820 | 29,639 | 6.9% |
| HUMAN RESOURCES | 21,805,555 | 22,520,179 | 22,728,400 | 23,526,164 | 797,764 | 3.5% |
| MIS | 9,115,523 | 10,325,126 | 10,334,944 | 10,734,813 | 399,869 | 3.9% |
| FACILITIES MANAGEMENT | 2,395,648 | 2,376,064 | 2,261,611 | 2,286,896 | 25,285 | 1.1% |
| FLEET SERVICES | 1,929,142 | 1,947,022 | 2,072,977 | 2,068,796 | (4,181) | -0.2% |
| PROCUREMENT | 3,783,562 | 4,550,834 | 3,814,600 | 3,960,098 | 145,498 | 3.8% |
| REAL PROPERTY / ENVIRONMENTAL MGMT | 760,569 | 651,020 | 766,219 | 662,592 | (103,627) | -13.5% |
| TOTAL | \$ 43,770,807 | \$ 46,423,960 | \$ 46,246,189 | \$ 47,538,895 | \$ 1,292,706 | 2.8% |

The **Administration and Finance Division** is responsible for managing the finance and support service functions of the Authority.

The Administration and Finance (A&F) Division is comprised of eleven departments: Director's Office; Rates and Budget; Treasury; Controller; Risk Management; Human Resources; Management Information Systems (MIS); Facilities Management; Fleet Services; Procurement; and Real Property and Environmental Management.

The Administration and Finance Division performs a multitude of functions that support the daily operations and ensure the implementation of the Authority's long term goals and strategies.

The Administration and Finance Division ensures that a variety of fiscal management systems are in place to monitor and control the Current Expense Budget (CEB) and Capital Improvement Program (CIP).

FY16 Goals:

- Manage and coordinate the Authority's finance and support service functions.
- Develop and implement long-term strategies to ensure assessment increases to MWRA's communities are sustainable and predictable.
- Manage MWRA's debt portfolio to contribute to the achievement of sustainable and predictable rate increases.

- Minimize MWRA's exposure to financial loss stemming from contractor and vendor activities by reviewing risk exposure and establishing contract insurance requirements and monitoring contractors for compliance.
- Maintain effective relationships with the unions representing the MWRA workforce while protecting and enhancing management flexibility. Ensure that collective bargaining objectives are met, support MWRA initiatives by designing and implementing appropriate labor relations strategies, create an environment that fosters safety consciousness and productive work, maximize the number of early returns to work by employees who have incurred on-the-job injuries or illnesses, and aggressively manage the Workers' Compensation Program to reduce costs.
- Acquire the real property needed to complete MWRA's major capital projects in a timely and cost-effective manner; manage the disposition of surplus real property in an efficient manner; and provide staff and others with current information regarding MWRA's real property rights.
- Improve the quality and presentation of budget documents and regularly required reports while working to develop new reports that will aid the Authority's Board of Directors, Management, and the MWRA Advisory Board.

FY16 Initiatives

- Continue assessment and evaluation of sustainable cost savings opportunities throughout the organization.
- Develop options and recommendations to ensure sustainable and predictable assessments and charges to our communities.
- Continue the implementation of the Strategic IT Study.

FY15 Mid-Year Accomplishments:

- Developed the FY16 Proposed Budget consistent with the FY15 planning estimates, for both the Current Expense Budget and the Capital Improvement Program.
- Maintained MWRA's strong credit ratings, Aa1, AA+, AA+ from Moody's, Standard & Poor's and Fitch respectively. MWRA's credit ratings from all three major agencies are only one ratings step below the highest rating of AAA. These high credit ratings enable MWRA to borrow at very advantageous interest rates helping to minimize debt service expenses.
- Continued to work with the landlord to implement facility improvements as provided in our lease agreements for CNY headquarters.
- Developed specifications for 62 new replacement vehicles or pieces of equipment of which the majority of these units will utilize alternative fuel, consistent with the Authority's goal of purchasing environmentally friendly products.
- The Authority continues to fuel diesel powered vehicles/equipment with bio-diesel. The MWRA is rated as one of the largest bio-fuel users by the Massachusetts Alternative Fuel Coalition (MAFC).
- Continued implementation of Automated Vehicle Locator (AVL) Tracking System in MWRA vehicles.
- Completed a variety of technical training to MWRA employees including Confined Space Entry, Wind Turbine Tower Climbing Safety, Spill Containment, Practical Project Management, Signal Person Training and OSHA 8-Hour Annual Refresher training.

- Began collecting the required acknowledgement of the State Ethics Commission's Summary of the Conflict of Interest Law from all employees.
- Competitively bid CY14 Renewable Energy Portfolio Standard certificates which resulted in FY15 revenues of \$84,587 (Class II). In addition, received FY15 revenues of \$578,239 from forward marketing of CY14 (Class I and Solar) Renewable Portfolio Standards (RPS) certificates.
- Awarded the following major contracts in FY15 to date: DITP Cryogenics Chillers Replacement; Quabbin Power, Communication and Security Improvements Design; DITP Clarifier Rehab Phase II Design; Construction WASM 36; Gate, Siphon and Floatables Controls 003; Boston Low Service Beacon Street Line Design; DITP Thermal Power Plant BMS System Upgrade; VFD Additions DITP Secondary Oxygen Reactor Batteries A, B and C, and North Main Pump Station – Winthrop Terminal Facility ESDC/REI .
- Advertised or received bids/proposals/statements for the following: VFD Additions DITP Secondary Oxygen Reactor Batteries A, B and C; DITP Valve and Piping Replacement ESDC/REI; Instrumentation Systems Services; Fore River Railroad Mainline Adjustment Design; Security Equipment Maintenance and Repair; NPDES Compliance; Leak Detection Survey Services; and Reading Extension Sewer Rehabilitation Design.
- Recycled 514 batteries, 7.43 tons of paper, 104.285 tons of scrap metal (includes stainless steel and aluminum) and 2,480 pounds of brass and copper, generating \$39,317 in revenues.

ADMINISTRATION AND FINANCE DIVISION DIRECTOR'S OFFICE

| FY16 Proposed Current Expense Budget | | | | | | |
|-------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|--------------|
| ADMINISTRATION AND FINANCE DIVISION DIRECTOR'S OFFICE | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 337,251 | \$ 336,559 | \$ 402,529 | \$ 397,167 | \$ (5,362) | -1.3% |
| TRAINING & MEETINGS | 4,352 | 2,049 | 4,000 | 3,000 | (1,000) | -25.0% |
| OTHER MATERIALS | 7,597 | 5,323 | 5,100 | 5,100 | - | 0.0% |
| OTHER SERVICES | 634 | 1,981 | 1,200 | 1,200 | - | 0.0% |
| TOTAL | \$ 349,834 | \$ 345,912 | \$ 412,829 | \$ 406,467 | \$ (6,362) | -1.5% |

The **Administration and Finance (A&F) Division Director's Office** oversees a multitude of functions that support the daily operations and ensure the implementation of the Authority's long-term goals and strategies.

The Director's Office is responsible for the centralized financial functions of rates development, revenue collection, budgeting, capital financing, debt and investment management, accounting, payroll processing, and risk management as well as the support functions of procurement, human resources, management information systems, fleet services, facilities management, and real property and environmental management. Additionally, the Director's Office ensures that transactions comply with all rules, regulations, Authority policies and procedures, and contract terms. The Director's Office manages the development and implementation of policies to uphold the efficient utilization of resources and control of all monies. The Director's Office provides advice and analysis to the Executive Director and the Board of Directors on all administrative and financial issues.

The division's continuing challenge in FY14 will be maintaining an agency-wide focus on balancing the competing needs to minimize rate increases while ensuring the provision of critical MWRA services.

FY15 Goals:

- Manage and coordinate the Authority's finance and support service functions.
- Guide and coordinate division activities to support MWRA's goals and objectives.
- Continuously improve processes and performance for greater efficiency.
- Develop and implement long-term strategies to ensure reasonable rate increases to MWRA's communities.

Budget Highlights:

- The FY16 Proposed Budget is \$406,000, a decrease of \$6,000 or 1.5%, as compared to the FY15 Budget.
- \$397,000 for **Wages and Salaries**, a decrease of \$5,000 or 1.3%, as compared to the FY15 Budget mainly due lower funding for interns offset by contractual increases. The FY16 Proposed Budget funds three positions.

RATES & BUDGET

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------|
| RATES AND BUDGET | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 772,530 | \$ 796,450 | \$ 813,528 | \$ 847,071 | \$ 33,543 | 4.1% |
| TRAINING & MEETINGS | - | - | - | - | - | 0.0% |
| PROFESSIONAL SERVICES | - | - | - | - | - | 0.0% |
| OTHER MATERIALS | 240 | 982 | 200 | 650 | 450 | 225.0% |
| OTHER SERVICES | 532 | 531 | 400 | 625 | 225 | 56.3% |
| TOTAL | \$ 773,302 | \$ 797,963 | \$ 814,128 | \$ 848,346 | \$ 34,218 | 4.2% |

The **Rates & Budget Department** provides the financial analysis that allows MWRA to translate its goals, and legal and financial commitments into cost-effective annual and multi-year programs and budgets. Department staff works closely with divisional staff to coordinate development of the long-term Capital Improvement Program (CIP) and monitor the progress of capital projects compared to projected schedules and budgeted spending. Staff also coordinates the development of MWRA's annual Current Expense Budget (CEB) and monitors spending compared to the budget throughout the year. The Budget Department also manages the annual process of establishing water and sewer assessments to be paid by MWRA's member communities and develops planning estimates of future rate projections.

FY16 Goals:

- Continually enhance processes and the management of resources to deliver the final CIP and CEB timely and accurately.
- Adhere to all MWRA policies, procedures, and administrative practices as well as all relevant statutory and regulatory authority, accounting, and budgeting principles.
- Improve the quality and presentation of budget documents and regularly required reports while working to develop new reports that will aid the Authority's Board of Directors, Management, and the MWRA Advisory Board.

FY16 Initiatives:

- Continue assessment and evaluation of sustainable cost savings opportunities throughout the organization.
- Develop options and recommendations to ensure sustainable, predictable, and reasonable assessments and charges to our communities.
- Coordinate with MIS on the migration of the Hyperion application for the CIP and CEB to a new software application.

FY15 Mid-Year Accomplishments:

- Developed the FY16 Proposed Budget consistent with the FY15 planning estimates, for both the Current Expense Budget and the Capital Improvement Program.
- Provided financial analysis for system expansion initiatives and preliminary long-term water redundancy options.

Budget Highlights:

- The FY16 Proposed Budget is \$848,000, an increase of \$34,000 or 4.2%, as compared to the FY15 Budget.
- \$847,000 for **Wages and Salaries**, an increase of \$33,000 or 4.1%, as compared to the FY15 Budget mainly due to contractual increases. The FY16 Proposed Budget funds eight positions.

TREASURY

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|-------------------|-------------------|---------------------|---------------------|------------------------|-------------|
| TREASURY | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 736,271 | \$ 733,489 | \$ 749,805 | \$ 681,946 | \$ (67,859) | -9.1% |
| OVERTIME | - | 17 | - | - | - | 0.0% |
| ONGOING MAINTENANCE | - | - | - | - | - | 0.0% |
| TRAINING & MEETINGS | 90 | 90 | - | - | - | 0.0% |
| PROFESSIONAL SERVICES | 229,309 | 224,302 | 259,950 | 334,010 | 74,060 | 28.5% |
| OTHER MATERIALS | 584 | 549 | 300 | 300 | - | 0.0% |
| OTHER SERVICES | 8,446 | 8,135 | 6,020 | 4,040 | (1,980) | -32.9% |
| TOTAL | \$ 974,700 | \$ 966,582 | \$ 1,016,075 | \$ 1,020,296 | \$ 4,221 | 0.4% |

The **Treasury Department** secures funds for ongoing operations and capital programs in addition to processing cash disbursements. Department staff collects revenue, disburse funds, and manage grant and loan programs in addition to debt issuance and investments.

FY16 Goals:

- Manage MWRA's debt portfolio to contribute to the achievement of sustainable and predictable rate increases.
- Maximize investment return while maintaining compliance with the General Revenue Bond Resolution requirements regarding security and liquidity.

FY15 Mid-Year Accomplishments:

- Maintained MWRA's strong credit ratings, Aa1, AA+, AA+ from Moody's, Standard & Poor's and Fitch respectively. MWRA's credit ratings from all three major agencies are only one ratings step below the highest rating of AAA. These high credit ratings enable MWRA to borrow at very advantageous interest rates which helps minimize debt service expenses.
- Completed the 2014 Series D, E and F bond transaction which was a refunding and new money transaction. The transaction included \$73.1 million in new money and \$170.8 million in refunding bonds, which were issued at an All-in TIC of 3.41%. The refunding transaction resulted in \$20.2 million or 10.45% present value savings and \$56.4 million in gross debt service savings.
- Completed the Massachusetts Clean Water Trust (MCWT) Pool 18 borrowing. This \$52.6 million transaction was made at subsidized interest rates contributing to a lower overall cost of debt for the Authority.
- MWRA received the consent from the MCWT to proposed amendments to the General Bond Resolution which allows that process to continue forward.

Budget Highlights:

- The FY15 Final Budget is \$1.0 million, an increase of \$4,000 or 0.4% as compared to the FY15 Budget.
- \$682,000 for **Wages and Salaries**, a decrease of 68,000 or 9.1%, from the FY15 Budget mainly due to one less budgeted position offset by cost of living increases. The final budget funds eight positions, one position fewer than in the FY15 Budget.
- \$334,000 for **Professional Services**, an increase of \$74,000 or 28.5%, as compared with the FY15 Budget.

CONTROLLER

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|--------------|
| CONTROLLER | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 1,325,287 | \$ 1,325,902 | \$ 1,429,775 | \$ 1,420,157 | \$ (9,618) | -0.7% |
| OVERTIME | - | 183 | - | - | - | 0.0% |
| ONGOING MAINTENANCE | - | - | - | - | - | 0.0% |
| TRAINING & MEETINGS | - | - | - | - | - | 0.0% |
| PROFESSIONAL SERVICES | 160,491 | 160,625 | 160,000 | 140,000 | (20,000) | -12.5% |
| OTHER MATERIALS | 87 | 27 | 300 | 300 | - | 0.0% |
| OTHER SERVICES | 1,665 | 925 | 2,150 | 2,150 | - | 0.0% |
| TOTAL | \$ 1,487,530 | \$ 1,487,662 | \$ 1,592,225 | \$ 1,562,607 | \$ (29,618) | -1.9% |

The **Controller Department** consists of the Accounting, Accounts Payable, and Payroll units. The department has the responsibility for ensuring integrity within the financial accounting system and integration among the three functions. The department is also responsible for the appropriate treatment, classification and reporting of the MWRA's assets, liabilities, revenues and expenditures in accordance with accounting principles generally accepted in the United States of America.

FY16 Goals:

- Implement process efficiencies in all department units.
- Enhance controls to safeguard Authority assets and ensure accurate and timely reporting.

FY16 Initiatives:

- Integrate new contract accounting software module with existing accounting software.
- Complete automation of multiple Payroll Department documents.

FY15 Mid-Year Accomplishments:

- Rolled out electronic time sheet approval to Chelsea Operations departments.
- Collaborated with Procurement and MIS Departments to substantially complete testing Contract Management for FY15 implementation.

Budget Highlights:

- The FY16 Proposed Budget is \$1.6 million, a decrease \$30,000 or 1.9%, as compared to the FY15 Budget.
- \$1.4 million for **Wages and Salaries**, a decrease of \$10,000 or 0.7%, as compared with the FY15 Budget mainly due to lower headcount offset by contractual increases. The FY16 Proposed Budget funds 17 positions, one position fewer than in FY15.
- \$140,000 for **Professional Services**, a decrease of \$20,000 or 12.5%, from the FY15 Budget. The FY16 Proposed Budget reflects anticipated costs associated with the annual financial statement audit, the A-133 Single Audit related to the receipt of federal funds, and the actuarial services related to GASB 45 Other Post Employment Benefits.

RISK MANAGEMENT

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|-------------|
| RISK MANAGEMENT | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 364,317 | \$ 397,081 | \$ 401,581 | \$ 421,020 | \$ 19,439 | 4.8% |
| OVERTIME | 23 | - | - | - | - | 0.0% |
| TRAINING & MEETINGS | - | - | - | - | - | 0.0% |
| PROFESSIONAL SERVICES | 30,757 | 57,751 | 30,000 | 40,000 | 10,000 | 33.3% |
| OTHER MATERIALS | 12 | 4 | - | - | - | 0.0% |
| OTHER SERVICES | 333 | 760 | 600 | 800 | 200 | 33.3% |
| TOTAL | \$ 395,442 | \$ 455,596 | \$ 432,181 | \$ 461,820 | \$ 29,639 | 6.9% |

The **Risk Management Department** is responsible for all MWRA insurance programs and risk management functions. Department staff manage all administrative functions relating to the initial reporting, processing, and resolution of construction contract claims and self-insured auto, general liability, and property damage claims. Department staff members are responsible for the annual procurement, renewals, and maintenance of all Authority-wide insurance policies and programs and for managing all aspects of MWRA's contractor/vendor insurance certificate program. Department staff serve as liaisons to insurance industry participants including brokers, insurers, insurance consultants, and attorneys as well as providing support to all MWRA departments.

FY15 Goals:

- Process self-insured automobile, general liability, property damage, and construction contract claims in an efficient and timely manner.
- Secure the timely, cost effective renewal of Authority-wide insurance policies and contracts.
- Minimize MWRA's exposure to financial loss stemming from contractor and vendor activities by reviewing risk exposures and establishing contract insurance requirements and monitoring contractors/vendors for compliance.
- Provide support to all MWRA Departments on all insurance, claims, litigation and risk management issues.

FY15 Mid-Year Accomplishments:

- Successfully procured MWRA's Insurance Program through a competitive bid process for all lines of coverage at a 3% reduction in program cost compared to FY14.
- Provided timely support to MWRA managers on all insurance, claims, litigation and risk management issues.

Budget Highlights:

- The FY16 Final Budget is \$462,000, an increase \$30,000 or 6.9%, from the FY15 Budget.
- \$421,000 for **Wages & Salaries**, an increase of \$19,000 or 4.8%, as compared to the FY15 Budget mainly due to contractual increases. The proposed budget funds four positions.
- \$40,000 for **Professional Services**, an increase of \$10,000 or 33.3%, as compared to the FY15 Budget which represents an average spending for the past three fiscal years.

FACILITIES MANAGEMENT

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|--|
| FACILITIES MANAGEMENT | | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | | |
| WAGES & SALARIES | \$ 409,142 | \$ 421,954 | \$ 424,187 | \$ 430,363 | \$ 6,176 | 1.5% | |
| OVERTIME | 23,481 | 28,724 | 24,154 | 24,154 | - | 0.0% | |
| FRINGE BENEFITS | 18 | 8 | - | - | - | | |
| UTILITIES | 95,858 | 85,250 | 98,773 | 103,526 | 4,753 | 4.8% | |
| ONGOING MAINTENANCE | 13,087 | 148,882 | 30,900 | 30,900 | - | 0.0% | |
| TRAINING & MEETINGS | - | - | - | - | - | 0.0% | |
| PROFESSIONAL SERVICES | 9,350 | 8,700 | - | 7,500 | 7,500 | 0.0% | |
| OTHER MATERIALS | 15,271 | 56,878 | 106,233 | 55,750 | (50,483) | -47.5% | |
| OTHER SERVICES | 1,829,441 | 1,625,668 | 1,577,364 | 1,634,703 | 57,339 | 3.6% | |
| TOTAL | \$ 2,395,648 | \$ 2,376,064 | \$ 2,261,611 | \$ 2,286,896 | \$ 25,285 | 1.1% | |

The **Facilities Management Department** provides a range of support services to MWRA staff located at the Charlestown Navy Yard (CNY).

Facilities Management is responsible for coordinating site management activities at CNY. Staff institute maintenance procedures, respond to facilities requests from building occupants, coordinate workspace planning, provide office furnishings, and develop and implement appropriate measures to ensure the safety of MWRA staff and protect and preserve MWRA assets.

In addition, staff provides administrative and office support services that facilitate the efficient use of MWRA resources. These responsibilities include providing and managing the motor pools at Chelsea and CNY, general office equipment repairs, transportation, mail, and courier services. Staff coordinates MWRA parking programs and corporate Massachusetts Bay Transportation Authority (MBTA) pass programs.

FY16 Goals:

- Provide a safe and well-maintained working environment for all MWRA staff at CNY and provide appropriate space for staff by coordinating workspace planning, design, and furniture acquisitions.
- Maintain the CNY facility to prevent loss or deterioration of MWRA assets.
- Implement facility programs in conjunction with MWRA recycling and resource conservation efforts.
- Support efforts to limit the fleet size while meeting operational needs by providing reliable motor pool and transportation services.

FY15 Mid-Year Accomplishments:

- Continued to work with the landlord to implement facility improvements as provided in our lease agreements for CNY headquarters.
- In conjunction with MIS, continued to look at ways to maximize efficiency of day-to-day office equipment such as printers, copiers, and facsimile machines.

Budget Highlights:

- The FY16 Proposed Budget is \$2.3 million, an increase of \$25,000 or 1.1%, as compared with the FY15 Budget.
- \$430,000 for **Wages and Salaries**, an increase of \$6,000 or 1.5%, as compared to the FY15 Budget mainly due to contractual increases. The budget supports seven positions.
- \$24,000 for **Overtime**, which is level funded with the FY15 Budget.
- \$104,000 for **Utilities**, an increase of \$5,000 or 4.8%, as compared to the FY15 Budget mainly due to increased electricity pricing.
- \$31,000 for **Ongoing Maintenance**, which is level funded with the FY15 Budget. This line item includes funding for facility and equipment maintenance and services including heating, ventilation and air conditioning (HVAC), plumbing and electrical services for the CNY headquarters and the Marlboro Records Center and Warehouse.
- \$8,000 for **Professional Services**, an increase of \$8,000 or 100%, as compared with the FY15 Budget. Funding will support as-need professional services which arise during the year.
- \$56,000 for **Other Materials**, a decrease of \$50,000 or 47.5%, from the FY15 Budget mainly due to elimination of one time funding for chair replacement at our Charlestown Navy Yard Headquarters. This line item includes funding for postage, supplies, furniture, and equipment.
- \$1.6 million for **Other Services**, an increase of \$57,000 or 3.6%, as compared with the FY15 Budget mainly due to contractual increases associated with the lease for the Charlestown Navy Yard and increased property taxes. This item includes funding for rental and operating costs for CNY headquarters facility and the Marlboro Records Center and Warehouse space.

FLEET SERVICES

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|--------------|
| FLEET SERVICES | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 716,386 | \$ 733,745 | \$ 755,986 | \$ 781,846 | \$ 25,860 | 3.4% |
| OVERTIME | 11,952 | 6,711 | 14,690 | 13,000 | (1,690) | -11.5% |
| FRINGE BENEFITS | 158 | 8 | 1,000 | 250 | (750) | -75.0% |
| UTILITIES | 1,658 | 2,283 | 3,000 | 2,500 | (500) | -16.7% |
| ONGOING MAINTENANCE | 647,629 | 629,236 | 684,000 | 710,000 | 26,000 | 3.8% |
| TRAINING & MEETINGS | - | 42,000 | 42,000 | 42,000 | - | 0.0% |
| OTHER MATERIALS | 550,563 | 532,507 | 570,201 | 517,600 | (52,601) | -9.2% |
| OTHER SERVICES | 796 | 532 | 2,100 | 1,600 | (500) | -23.8% |
| TOTAL | \$ 1,929,142 | \$ 1,947,022 | \$ 2,072,977 | \$ 2,068,796 | \$ (4,181) | -0.2% |

The **Fleet Services Department** manages and maintains MWRA's motor vehicle and equipment fleet. The goal of the Fleet Services Department is to maintain MWRA's vehicle and equipment fleet to minimize downtime and extend the life of the assets. Fleet Services also manages the Chelsea fuel facility, the gas card program and the development and processing of specifications for new vehicles and equipment.

FY16 Goals:

- Continue to cost effectively maintain the Authority's fleet of vehicles and pieces of equipment.
- Integrate more alternative fueled vehicles into the authority's fleet
- Continue to install Automatic Vehicle Locators (AVL) devices in all authority vehicles.

FY15 Mid-Year Accomplishments:

- Developed specifications for 62 new replacement vehicles or pieces of equipment of which the majority of these units will utilize alternative fuel, consistent with the Authority's goal of purchasing environmentally friendly products.
- The Authority continues to fuel diesel powered vehicles/equipment with bio-diesel. MWRA in being rated as one of the largest bio-fuel users by the Massachusetts Alternative Fuel Coalition (MAFC).
- Prepared documentation for the surplus sale of 27 vehicles and pieces of equipment and worked with the Procurement Department for the auction and disposal of the vehicles/equipment.
- Continued to work with MIS & Operations staff on the Maximo system upgrade which includes a transportation module specifically designed for a fleet environment.

Budget Highlights:

- The FY16 Proposed Budget is \$2.1 million, a decrease of \$4,000 or 0.2%, as compared to the FY15 Budget.
- \$782,000 for **Wages & Salaries**, an increase of \$26,000 or 3.4%, as compared to the FY15 Budget mainly due to due contractual increases. The final budget supports 11 positions.
- \$710,000 for **Ongoing Maintenance**, an increase of \$26,000 or 3.8%, as compared with the FY15 Budget. The budget includes funds for automotive materials and services to maintain MWRA's vehicle fleet.

- \$518,000 for **Other Materials**, a decrease of \$53,000 or 9.2%, as compared with the FY15 Budget due to lower vehicle fuel prices. The FY16 Proposed Budget includes funds for vehicle/equipment fueling which is based on historical fuel usage and current pricing. Fleet Services procures bulk fuels from state contracts while continuing to meet all governmental alternative fuel directives. It should be noted that the volatility of fuel pricing could impact this line item.

HUMAN RESOURCES

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|
| HUMAN RESOURCES | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 1,808,014 | \$ 1,841,890 | \$ 1,838,773 | \$ 1,802,565 | \$ (36,208) | -2.0% |
| OVERTIME | 21 | 71 | - | - | - | 0.0% |
| FRINGE BENEFITS | 17,477,396 | 18,017,283 | 18,237,135 | 18,943,607 | 706,472 | 3.9% |
| WORKERS' COMPENSATION | 2,114,701 | 2,311,448 | 2,200,000 | 2,343,000 | 143,000 | 6.5% |
| ONGOING MAINTENANCE | - | - | - | - | - | 0.0% |
| TRAINING & MEETINGS | 2,097 | 4,703 | 3,263 | 3,263 | - | 0.0% |
| PROFESSIONAL SERVICES | 374,418 | 311,329 | 412,602 | 399,102 | (13,500) | -3.3% |
| OTHER MATERIALS | 15,944 | 19,542 | 16,845 | 16,845 | - | 0.0% |
| OTHER SERVICES | 12,964 | 13,913 | 19,782 | 17,782 | (2,000) | -10.1% |
| TOTAL | \$ 21,805,555 | \$ 22,520,179 | \$ 22,728,400 | \$ 23,526,164 | \$ 797,764 | 3.5% |

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|------------------------|-------------|
| HUMAN RESOURCES by Area | | | | | | |
| AREA | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| EMPLOYEE/COMP/BEN | \$ 685,095 | \$ 668,946 | \$ 648,243 | \$ 660,063 | \$ 11,820 | 1.8% |
| LABOR RELATIONS | 1,063,684 | 1,056,810 | 1,136,480 | 1,060,551 | (75,929) | -6.7% |
| TRAINING | 419,146 | 423,447 | 461,278 | 473,680 | 12,402 | 2.7% |
| CENTRALIZED FRINGE BENEFITS | 19,637,630 | 20,370,976 | 20,482,398 | 21,331,870 | 849,472 | 4.1% |
| TOTAL | \$ 21,805,555 | \$ 22,520,179 | \$ 22,728,400 | \$ 23,526,164 | \$ 797,764 | 3.5% |

The **Human Resources Department** is comprised of three units:

The **Employment, Compensation, Benefits and HRIS Unit** coordinates and oversees all external recruitment and selection activities including hiring, lateral transfers, and promotions to meet the business needs of MWRA; develops and coordinates MWRA compensation and benefits strategies and programs; and ensures the proper processing and recording of personnel actions. The compensation function also ensures that all MWRA employees possess the necessary licenses and certifications required for their positions. The **Labor Relations Unit** is responsible for fulfilling MWRA's collective bargaining and contract administration obligations under Massachusetts' public sector collective bargaining law, its workers' compensation responsibilities, and its responsibilities for employee occupational safety and health. The **Training Unit** develops, coordinates, delivers, and evaluates MWRA technical and professional development training programs and other programs designed to improve employee knowledge, skills, productivity, and the quality of workplace interaction. In addition, the Human Resources Department includes the Centralized Fringe Benefits cost center, which includes the budget for fringe benefits for all MWRA employees as well as for mandatory payments for unemployment expenses and Medicare.

FY16 Goals:

- Attract and retain a qualified high-performance workforce, hire and promote qualified minority, female, and veteran employees, and offer a competitive total compensation package (salary and benefits) to all employees.
- Maintain effective relationships with the unions representing the MWRA workforce while protecting and enhancing management flexibility. Ensure that collective bargaining objectives are met, support MWRA initiatives by designing and implementing appropriate labor relations strategies, create an environment that fosters safety consciousness and productive work, maximize the number of early returns to work by employees who have incurred on-the-job injuries or illnesses, and aggressively manage the Workers' Compensation Program to reduce costs.

FY16 Initiatives:

- Upgrade employment application program to enhance applicant database and expedite critical hiring.
- Develop additional specialized recruitment sources to attract women, minorities, and veterans for difficult to fill positions including expanding social network recruiting capabilities.
- Expand supervisory, professional, and career development training programs necessary to support succession planning initiatives including developing additional job shadowing training programs.
- Develop a model to establish a knowledge transfer program for each department.
- Negotiate new contracts for Dental Insurance, Employee Assistance Program (EAP), and Occupational Medical Services.
- Continue to develop and expand summer intern program.
- Provide training and guidance to MWRA managers in the areas of leave management, sick time use, time and attendance issues, and matters of employee conduct issues.

Mid-Year FY15 Accomplishments:

- Negotiated successor collective bargaining agreements with all five collective bargaining unions of the MWRA.
- Continued to support the agency's efforts in developing and implementing succession planning activities in anticipation of an increase in retirements over the next several years.
- Through aggressive claims management, the MWRA works to minimize the cost of work related injury claims. MWRA staff work in conjunction with a third party administrator and uses medical exams, surveillance, and nurse case managers to settle cases when found to be cost effective. Through December, MWRA settled 6 cases resulting in significant future savings.
- Investigated complaints of violations of MWRA policies and Code of Conduct as necessary.
- Updated and communicated policies associated with harassment prevention and non-discrimination.
- Completed a variety of professional and technical training to MWRA employees including Confined Space Entry, Wind Turbine Tower Climbing Safety, Certified Water/Wastewater Maintenance Technician (IMI), Hoisting License Mandatory Refresher Training, Wastewater & Water Operator Exam Prep, OSHA 24-Hour Hazmat Technician Refresher, OSHA 10-Hour Construction Safety, Ultra-Violet Vendor Training (Switchgear, I&C Meters, SCADA, Generator), Supervisory Development, Business Writing, Specification Writing and Vehicle Maintenance.
- Provided regular reporting on agency headcount and use of overtime/compensatory time.

Budget Highlights:

- The FY16 Proposed Budget is \$23.5 million, an increase of \$798,000, or 3.5% as compared to the FY15 Budget.
- \$1.8 million for **Wages and Salaries**, a decrease of \$36,000 or 2.0%, as compared to the FY15 Budget mainly due to a lower headcount offset by contractual increases. The budget includes funding for 19 positions, 2 fewer than in FY15.
- \$18.9 million for **Fringe Benefits**, an increase of \$706,000 or 3.9%, as compared to the FY15 Budget. The budget includes \$16.5 million for health insurance, \$1.2 million for Medicare, \$1.1 million for dental insurance, \$141,000 for unemployment insurance, and \$31,000 for tuition reimbursement.
- \$2.3 million for **Workers' Compensation**, an increase of \$143,000 or 6.5%, as compared to the FY15 Budget. The Human Resources Department is responsible for the management of this program and the coordination with the third-party administrator and legal counsel.
- \$399,000 for **Professional Services**, a decrease of \$14,000 or 3.3%, as compared with the FY15 Budget due to lower than projected need in FY16. The FY16 Budget includes \$155,000 for Professional Development and Technical Training, \$120,000 for Workers' Compensation Claims Administration and Legal Services, \$45,000 for Arbitrators and Arbitration Expenses, \$45,000 for Medical Evaluation Services, \$21,000 for the Employee Assistance Program, and \$13,000 for Specialized Investigation Services.

MANAGEMENT INFORMATION SYSTEMS (MIS)

| FY16 Proposed Current Expense Budget | | | | | | |
|--------------------------------------|---------------------|----------------------|----------------------|----------------------|------------------------|-------------|
| MANAGEMENT INFORMATION SYSTEM | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | |
| WAGES & SALARIES | \$ 5,004,036 | \$ 4,943,896 | \$ 5,258,566 | \$ 5,512,006 | \$ 253,440 | 4.8% |
| OVERTIME | 4,220 | 20,617 | 2,810 | 2,810 | - | 0.0% |
| FRINGE BENEFITS | 37 | 378 | - | - | - | N/A |
| ONGOING MAINTENANCE | 2,326,564 | 3,299,537 | 2,914,743 | 2,986,632 | 71,889 | 2.5% |
| TRAINING & MEETINGS | 155,470 | 121,798 | 146,528 | 146,528 | - | 0.0% |
| PROFESSIONAL SERVICES | 230,717 | 212,705 | 325,000 | 240,000 | (85,000) | -26.2% |
| OTHER MATERIALS | 413,172 | 599,185 | 527,732 | 459,272 | (68,460) | -13.0% |
| OTHER SERVICES | 981,307 | 1,127,010 | 1,159,565 | 1,387,565 | 228,000 | 19.7% |
| TOTAL | \$ 9,115,523 | \$ 10,325,126 | \$ 10,334,944 | \$ 10,734,813 | \$ 399,869 | 3.9% |

The **MIS Department** provides MWRA with the information processing services necessary to carry out its mission. Applications in use range from financial to operational, and enhance MWRA's ability to access data and improve internal controls, reporting, and management performance. In addition to computing systems, the department also provides library and records management services.

FY16 Goals:

The goal of the MIS department is to support more than 1,000 MWRA users, including those at the Charlestown Navy Yard (CNY), Chelsea, Deer Island, Southboro, Carroll Water Treatment Plant, and other remote sites, by ensuring that:

- Automated business services delivered increase the efficiency of MWRA's business processes and improve the effectiveness of the staff while maintaining system security and integrity;
- Existing applications, operating systems, hardware, and network resources are cost-effectively maintained, supported, upgraded, and replaced;
- Future changes for Information System reflect management priorities and are consistent with the MWRA Master Plan and the five-year IT Strategic Plan; and
- Information Technology Service Management is implemented to improve customer satisfaction and improved efficiencies in delivering services.

FY16 Initiatives:

Information Technology Management Program

This program is intended to improve Information Technology (IT) organization and the oversight processes for selecting, implementing and operating IT solutions throughout the MWRA. The FY16 initiatives are as follows:

- Establishment of an Information Technology Steering Committee to recommend and prioritize projects, policies, and standards.
- Establishment of a MWRA Software Development Life Cycle (SDLC) with the appropriate policies, procedures, standards, tools, and techniques to efficiently deliver development efforts on time and within budget.

- Implement a set of policies, procedures, standards, tools, and techniques which employs the best practices for Information Technology Service Management (ITSM). This will be put in place with the MAXIMO 7.6 upgrade effort through the use of the Smart Cloud Control Desk Module.
- In parallel with the ITSM effort, MIS will be re-organizing to better deliver services. This will include updating job descriptions to reflect the changing technologies and the methods of delivery, re-aligning the organization to match the ITSM and SDLC best practices, and focusing on how technology can be used to increase efficiency of staff and improve the effectiveness of the Authority's business processes.

Application Improvement Program

This program, along with associated projects, continue MWRA's efforts to update and enhance a wide range of applications to improve efficiencies of business processes and effectiveness of the staff while ensuring the availability and integrity of the MWRA's data resources. This program relates to 123 applications with 227 modules that support various business functions across the Authority. Seventy-seven, or 63%, of these applications are commercially available off the shelf packages.

Major initiatives for FY2016 area as follows:

Administration and Finance Initiatives

- ***Enterprise Document/Records Management Implementation:*** A component of Enterprise Document/Records Management in underway with the pilot design and implementation of both the Enterprise Vault system archiving application and the Clearwell identification and collection electronic discovery application. These applications will provide the MWRA with rigorous and efficient electronic archiving, disposal processes that will comply with the records retention requirements of the Commonwealth of Massachusetts, improved ability to meet the requirements associated with public records requests and litigation document/discovery production, and improvements in the accessibility of documents throughout the Authority.
- ***e-Procurement Implementation:*** This project is focused on the implementation of the Contract Management module from Infor Global Solutions. The focus in FY16 will be on Construction contacts.
- ***Enterprise Resource Planning (ERP) System Upgrades:*** During FY16, upgrades will occur to the e-procurement applications, Mobile Supply Chain Management (MSCM) infrastructure, and Business Software, Inc. Tax Factory application.

Compliance Management Initiatives

- ***E-LAB:*** Phase one of E-LAB project was completed. The Laboratory Information Management System (LIMS) was upgraded to version 6. Phase two of this project, Electronic Laboratory Notebook (ELN) is in development and will be completed in FY2016.
- ***Pretreatment Information Management System (PIMS) Business Cycle Enhancements:*** The objective of this project is to update the existing application and deliver new functionality in PIMS well in advance of the next TRAC business cycle for the MWRA's Pretreatment Program. Current PIMS application is not compliant with EPA's Cross-Media Electronic Reporting Regulation (CROMERR) requirements. CROMERR requirements were reviewed to determine what modules of PIMS need to be enhanced. Required modification can be done partially by the vendor and partially by MIS utilizing EPA's shared services. MIS is working to determine scope of required changes to the PIMS application.
- ***SSO Monitoring and Reporting:*** MIS has been assigned to provide a business solution to streamline and automate the field data collections of Sanitary Sewer Overflow (SSO) spills, data compilation and reporting by using the latest mobile technology on field data collection, electronic reporting to required

agencies and parties, and providing a public web portal for sharing information on SSO spills on a 24X7 basis.

System Integration and Data Warehousing Initiatives

- ***Geographic Information System (GIS) Integration:*** The purpose of the GIS Integration projects are to integrate the GIS spatial technology into business and operational applications and to determine an overall strategy of delivering a special real-time dashboard for managing the MWRA.
- ***Management Dashboards & Reporting:*** These projects consolidate administrative management dashboards and reporting tools to assist in management of the day-to-day operations and to provide data to assist in Authority-wide decision making.

Operations Management Initiative

- ***Computerized Maintenance Management System (CMMS) Enhancements:*** The MWRA is running Maximo version 5.2 which is no longer supported by IBM. Maximo must be upgraded to 7.6 in order to become supported by IBM. This effort includes:
 - Completing the upgrade
 - Consolidating DI and FOD systems into one
 - Implementing four new modules
 - Implementing Smart Cloud Control Desk Module as a replacement for Service Desk
- ***PI:*** The MWRA uses PI to monitor important operating parameters of assets in the field and also facility assets at DITP and CWTP. The current system is running on “end-of-life” hardware and server operating system (OS). The PI 2012 upgrade will monitor the same assets as the old system with much improved functionality and performance. The new system is a multi-tier configuration with servers for the database and application, and desktops for the Processbook and datalink client tools. The new system will be upgraded to a 64 bit OS and provide high availability features.

Information Security Program

This program focuses on the resiliency and sustainability of the MWRA’s data security practices and computing-related assets. It also monitors for penetrations, intrusions, and malicious actions from external threats. The projects associated with this program continue to assess, implement, and improve the MWRA’s information security protections, including recommendations to improve each IT system’s security profile. The following are the FY2015 projects under this program:

- ***Information Security Plan Design and Implementation (Phase 2)***
- ***Security Infrastructure Review, Upgrade, and Monitoring***
- ***Authority Mobile Application Delivery Implementation***
- ***Secure File Delivery Implementation***
- ***Secure Media Destruction Program Improvements***

Technology Infrastructure Improvement Program

The MWRA currently owns and operates 1,281 desktops, 160 laptops, 108 servers, 20 Wide Area Network Circuits and associated equipment. It also manages in excess of 18 Terabytes (TB) of data of which 7 TBs are stored in 148 database schemes and an additional 11 Terabytes of unstructured data are stored on file shares. This program will assess and implement consolidated and optimized versions of these core IT infrastructure elements as utility-like services and commodities. Furthermore, it will look to improve and optimize data management practices including:

storage, backup, and archive and purge processes and technologies. The following FY2015 projects are currently under way:

- **Server Consolidation and Virtualization:** Continuation of “Green Data Center” initiatives, including virtualizing more physical servers and reducing the variety of application infrastructure component versions and manufacturers (like web servers, application servers, and database servers).
- **Network Convergence:** Explore new technologies for future implementation considerations including new networking technologies for upcoming network upgrade, web and mobile platforms for business and information services, and Voice-Over-IP (VOIP) for communications.
 - **Campus Wide WIFI:** The MWRA has pockets of wireless access points in Vehicle Maintenance, Warehouse, and Laboratory Services. These systems have limited access, are administered independently, and have no redundancy. The design approach for Campus Wide WIFI is to provide wireless networking at all of the MWRA locations where it is cost effective, can be centrally managed, and can have redundancy.
 - **Voice-Over-IP (VOIP):** The existing legacy PBX phone systems are approaching the end of support and product life. VOIP is a mature technology and a core component of Unified Communications. Explore VOIP technologies for solution set that offers existing PBX functionality as a minimum.
- **Network Storage Improvements:** Plan for the migration and implementation for consolidation of new storage requirements for archiving, and implement e-discovery services.
- **Office Automation Refresh Program:** Desktop, mobile, printers, MFD etc.
- **Workforce Mobilization:** Explore new technologies and hardware platforms to improve efficiencies in business process while in the field. Target business units for this initiative are Engineer and Construction, Water and Wastewater Operations, and Maintenance.

FY15 Accomplishments:

Information Technology Management Program

- **Change Management:** A Change Management policy was documented to establish a framework for introducing a proposed change to an MWRA Information Technology (IT) resource. Tracking will be put into place with the Maximo 7.6 upgrade effort through the use of the Smart Cloud Control Desk module.
- **MIS Reorganization:** With the hiring of a Manager of IT Security, Architecture & Engineering, MIS has begun the organizational transformation recommended in the 5 year Strategic Plan.

Application Improvement Program

- **e-Discovery Archive and Purge Solution:** Began data collection for the following consultant’s templates: (1) Enterprise Vault Solution Design, (2) Archiving Policies, and compiled a list of Department contacts for the Business Definition phase. Installed and configured the documentation portal and informed IT Team members to begin reviewing templates and collecting data. IT and Records Center staff completed the collection of the retention codes and periods by department and added them into interim database for querying and reporting. Developed a SQL database to manage the records series codes, corresponding departments and Department Records Managers (DRMs), Active Records Filing Schemes, and Vital Records Filing Schemes.

- ***E-Procurement - Strategic Sourcing and Contracts Management:*** An environment and application upgrade on the development system was scheduled and completed the 2nd weekend in March; the environment upgraded from 10.0.4 to 10.1 and the application from 9.1.1.1 to 9.1.1.4 and has required fixes and new functionality needed for implementing Construction Contracts. The first Non-Professional Service (NPS) Contract event was posted in Q3. Created new security roles for Contracts, Affirmative Action Compliance Unit (AACU), and Accounts Payable (AP) staff. Also completed custom workflows for approvals and new contract reports.
- ***Enterprise Resource Planning (ERP) System Enhancements:*** Lawson 9.0.1 Upgrade: Staff assisted Procurement and HR/Payroll staff with user tests and completed roll-out of 9.0.1 application to the production server over the weekend of Sept 22nd/23rd. Go Live was successful.
- ***Water Quality Reporting System:*** The Southborough Water Quality group procured a data analysis tool that is capable of correlating water quality testing results with other relevant data residing in spreadsheets, MS Access databases, comma delimited files, and other databases. This new data analysis tool has been configured to produce regulatory compliance reports on free chlorine, ozone contact and ultraviolet intensity at the Carroll Plant and Ware Disinfection Facility. This project was completed in FY15 Q2.
- ***Operations Management Monitoring System (OMMS):*** New profiles have been added that allows staff to easily view critical operating information. The "Pump Stations" profile allows staff to monitor flows and pressures at 10 pump stations while the "Community Flow and Pressures" profile organizes MWRA communities by name and pressure zone for quick access to data from their MWRA mobile device.
- ***GIS:*** Completed a proof of concept (Enqual's Harbor Station Viewer) using new technology that is now available because of the recent GIS upgrade. The new technology allows for easier distribution and access to GIS mapping applications and plays a key role in future development efforts. The Project was a proof of concept to use the new tools available in the recently upgraded GIS System. The development initiative was completed in FY15 Q2. The production environment is expected to be completed by FY15 Q4.

Information Security Program

- **Security Awareness Computer Based Training (CBT):** Created a "How to Reset Password" job aid for CBT training and had it posted on Pipeline. Installed, configured, and tested the Learning Management System on a new CBT development server, and then copied the setup to a new production server. For staff with PCs, sent a reminder to them for completing the training. Staff without PCs (approximately 300) need to schedule sessions at Chelsea or DITP to complete the training.
- **Authority Mobile Application Delivery Implementation:** Proof of Concept environment has been built in support of the Mobile Device Management platform. 49 iPads and 123 iPhones are being managed with platform. Nine applications have been identified for mobile application delivery.

Technology Infrastructure Improvement Program

- **Desktop Refresh Program:** Completed the upgrade of some 825 desktops from Windows XP to Windows 7 of which 417 were PC replacements and 411 were in place upgrades.
- ***Print, Fax, Scan and Copy:*** Installed new multi-function devices (MFDs) throughout MWRA facilities consolidating services (Print, FAX, Scan, Copier) onto one platform. The rollout has replaced 55 pieces of aged equipment for better than a 2:1 equipment reduction. In addition, MWRA will enter into a new 36-month lease for nine MFDs expected to come off support in Q4 FY15; and three new requests from Operations staff for a total of 12 new or replacement MFDs in FY16.

- **Storage and SAN:** The MWRA increased the storage capacity to accommodate, GIS, and Cumulus archiving project at the end of FY15 Q1.
- **Net2020 Infrastructure Upgrade Program:** Successfully completed an upgrade of the Core Network Switch in Chelsea Data Center. Deer Island will be completed in FY15 Q4. This core switch connects all the Authority's users to all the MIS services including Email, Internet, Intranet, and applications. With this implementation, the Network backbone speed has increased from 1GB to 10GB and provides speed of 1 GB to every Desktop at these locations.
- **Data Network circuit upgrades** from 1.5MB to 10MB for Deer Island, Marlboro (CWTP), and Southboro. The Chelsea Internet circuit upgrade from 10MB to 50MB was completed in May 2014. The final stage of the DITP upgrade is under way and expected to be completed in FY15 Q4.

Budget Highlights:

- The FY16 Proposed Budget is \$10.7 million, an increase of \$400,000 or 3.9%, as compared to FY15 Budget.
- \$5.5 million for **Wages and Salaries**, an increase of \$253,000 or 4.8%, as compared to the FY15 Budget due to cost of living adjustments. The budget includes funding for 56 positions.
- \$3.0 million for **Ongoing Maintenance**, an increase of \$72,000 or 2.5%, as compared to FY15 Budget mainly due to increases for computer licenses and vendor support agreements. Maintenance spending is for license and maintenance fees to support administrative, operations, and database applications used by MWRA staff.
- \$147,000 for **Training and Meetings** remains level funded with the FY15 Budget. Funding will support staff training in various computer applications as part of the MIS IT Strategic Plan.
- \$240,000 for **Professional Services**, a decrease of \$85,000 or 26.2%, as compared to FY15 Budget mainly due to lower projected need for professional support initiatives. Funding will support the continued development of an MIS Strategic Plan and implementation services.
- \$459,000 for **Other Materials**, a decrease of \$68,000 or 13.0%, as compared to FY15 Budget mainly due to the lower computer hardware and software requests.
- \$1.4 million for **Other Services**, an increase of \$228,000 or 19.7%, as compared to FY15 Budget mainly due to increased security related telecommunications needs.

PROCUREMENT

| FY16 Proposed Current Expense Budget | | | | | | | |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|------------------------|-------------|--|
| PROCUREMENT | | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | | |
| WAGES & SALARIES | \$ 3,434,479 | \$ 3,538,806 | \$ 3,630,147 | \$ 3,767,539 | \$ 137,392 | 3.8% | |
| OVERTIME | 29,657 | 10,852 | 20,750 | 20,750 | - | 0.0% | |
| FRINGE BENEFITS | 278 | 126 | - | - | - | | |
| UTILITIES | - | - | - | - | - | | |
| ONGOING MAINTENANCE | 161,962 | 829,315 | - | - | - | | |
| TRAINING & MEETINGS | 2,553 | 7,147 | 7,725 | 7,725 | - | 0.0% | |
| OTHER MATERIALS | 115,051 | 122,819 | 99,108 | 113,700 | 14,592 | 14.7% | |
| OTHER SERVICES | 39,582 | 41,769 | 56,870 | 50,384 | (6,486) | -11.4% | |
| TOTAL | \$ 3,783,562 | \$ 4,550,834 | \$ 3,814,600 | \$ 3,960,098 | \$ 145,498 | 3.8% | |

The **Procurement Department** includes three units. The **Purchasing Unit** operates a competitive purchasing system for the procurement of materials, goods, and non-professional services in accordance with MWRA policies and procedures. The **Contract Management Unit** reviews, drafts, and negotiates contracts, amendments, and change orders for all professional, non-professional, and construction services contracts. Staff directs the bid, review, and selection process, and maintains a contracts database. The **Materials Management Unit** manages an Authority-wide inventory control and management system for better control, storage, distribution, and accounting of MWRA's inventory. The unit manages three regional warehouses/distribution centers that support all MWRA activities.

FY16 Goals:

- Procure materials, equipment, supplies, construction, professional, and non-professional services in a timely, efficient, and openly competitive process in accordance with MWRA policies and procedures, including those related to meeting affirmative action goals.
- Maintain centralized, efficient, and cost-effective management of spare parts and operating supplies inventory.
- Provide timely and high quality services to initiating divisions to enable MWRA programs to meet their public, production, and schedule responsibilities.
- Maintain a recycling program in order to contain MWRA operating costs by removing recyclable materials from the waste stream.
- Continue implementing electronic procurement for contract bids, which will significantly reduce the amount of paper processing.
- Review Procurement Policies and Procedures (e.g. ADM13, ADM20).
- Continue staff procurement training.

FY15 Mid-Year Accomplishments:

- Competitively bid CY14 Renewable Energy Portfolio Standard certificates which resulted in FY15 revenues of \$84,587 (Class II). In addition, received FY15 revenues of \$578,239 from forward marketing of CY14 (Class I and Solar) Renewable Portfolio Standards (RPS) certificates.

- Awarded the following major contracts in FY15 to date: DITP Cryogenics Chillers Replacement; Quabbin Power, Communication and Security Improvements Design; DITP Clarifier Rehab Phase II Design; Construction WASM 36; Gate, Siphon and Floatables Controls 003; Boston Low Service Beacon Street Line Design; DITP Thermal Power Plant BMS System Upgrade; VFD Additions DITP Secondary Oxygen Reactor Batteries A, B and C, and North Main Pump Station – Winthrop Terminal Facility ESDC/REI .
- Advertised or received bids/proposals/statements for the following: VFD Additions DITP Secondary Oxygen Reactor Batteries A, B and C; DITP Valve and Piping Replacement ESDC/REI; Instrumentation Systems Services; Fore River Railroad Mainline Adjustment Design; Security Equipment Maintenance and Repair; NPDES Compliance; Leak Detection Survey Services; and Reading Extension Sewer Rehabilitation Design.
- Continued to work with DITP, Field Operations, and utility companies to establish energy conservation programs at DITP and FOD facilities, using the Green Communities Act, the utilities’ municipal programs, and other programs.
- Continued development of an electronic procurement bidding process for construction and non-professional services contracting based upon Lawson Strategic Sourcing, by developing the terms of use and the contract templates.
- Completed preliminary reviews of procurement sections of the Management Policies of the Board of Directors (ADM1) and other procurement procedures (ADM13, ADM20).
- Processed 4,829 purchase orders in Q1 and Q2 of FY15 for a total of \$19,870,519.
- Instituted an on-line virtual catalog for the provision of logo employee clothing, provided by ServiceWear Apparel, procured through the U.S. Communities Government Purchasing Alliance. This program along with the Debit Card program provides employees a choice in the selection of uniform clothing items while realizing efficiencies now that MWRA staff no longer orders, receives, stores, or distributes clothing items.
- Moved the Authority’s Purchasing Card Program to Bank of America NA, through the Commonwealth of Massachusetts State Blanket Agreement PRF44designatedOSC. MWRA will now receive an annual rebate based on the total Commonwealth P-Card purchasing spends. At the current State rebate percentage, with MWRA’s annual spend of approximately \$500,000, MWRA will realize an annual rebate which is estimated to be at least \$7,000 while also eliminating all per card fees that are charged by the current vendor.
- Procured the Authority’s vehicle purchases at the beginning of Fiscal Year 2015; including 34 vehicles procured through the use of a “Reverse Auction” format.
- Purchased 252,000 gallons of ultra-low-sulfur, #2 diesel fuel for the Deer Island Thermal/Power Plant at a cost of \$2.7053/gallon, lower than the FY15 budget price of \$3.20/gallon.
- Conducted six training sessions on Specification Development for Authority staff with approximately 120 employees attending.
- Continued regular meetings with Deer Island, Chelsea, and MIS staff to foster better communication between MWRA departments and the Purchasing Unit
- Continued to seek out environmentally friendly products, among them recycled toners, batteries, copy paper, hybrid vehicles, and bio-fuels.
- Set up an online vehicle and equipment auction process and brought in \$73,173 in revenue in Q1 and Q2 of FY15.

- Recycled 514 batteries, 7.43 tons of paper, 104.285 tons of scrap metal (includes stainless steel and aluminum) and 2,480 pounds of brass and copper, generating \$39,317 in revenues.

Budget Highlights:

- The FY15 Final Budget is \$3.8 million, an increase of \$145,000 or 3.8%, from the FY15 Budget.
- \$3.8 million for **Wages and Salaries**, an increase of \$137,000 or 3.8%, from the FY15 Budget mainly due to cost of living adjustment increases. The funding supports 44 positions, one position lower than the FY15 Budget.
- \$114,000 for **Other Materials**, an increase of \$15,000 or 14.7%, from the FY15 Budget mainly due to historical spending trends. This line item mainly supports centralized office supply purchases.
- \$50,000 for **Other Services**, a decrease of \$6,000 or 11.4%, from the FY15 Budget. This funding supports Advertising and Printing/Duplicating for contract documents and specifications. Advertising was below historical trends because a number of projects were rescheduled for later years.

REAL PROPERTY and ENVIRONMENTAL MANAGEMENT

| FY16 Proposed Current Expense Budget | | | | | | | |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------|---------------|--|
| REAL PROPERTY / ENVIRONMENTAL MANAGEMENT | | | | | | | |
| LINE ITEM | FY13 Actual | FY14 Actual | FY15 Final | FY16 Proposed | Change FY15 to FY16 | | |
| WAGES & SALARIES | \$ 419,225 | \$ 433,078 | \$ 435,573 | \$ 452,592 | \$ 17,019 | 3.9% | |
| OVERTIME | - | - | - | - | - | | |
| TRAINING & MEETINGS | 36,900 | 425 | 3,000 | 3,000 | - | 0.0% | |
| PROFESSIONAL SERVICES | 11,546 | 2,165 | - | 5,000 | 5,000 | | |
| OTHER MATERIALS | 797 | 247 | 1,150 | 900 | (250) | -21.7% | |
| OTHER SERVICES | 292,101 | 215,105 | 326,496 | 201,100 | (125,396) | -38.4% | |
| TOTAL | \$ 760,569 | \$ 651,020 | \$ 766,219 | \$ 662,592 | \$ (103,627) | -13.5% | |

The **Real Property and Environmental Management Department** negotiates the purchase or lease of real estate and land necessary to support MWRA's capital projects and operations and manages the disposition of surplus real property. Staff participates in site selection and negotiates acquisitions or easements. In addition, staff has developed and is maintaining the Real Property database, the compilation of more than 100 years of easements and land rights for the water and sewer systems. Department staff manages environmental regulatory compliance at MWRA facilities and also provide special expertise and assistance to MWRA staff regarding air quality and hazardous material issues. Assistance includes management of oil and hazardous materials site assessment and remediation, air emission permit negotiations, and preparation and submittal of quarterly/annual monitoring reports.

FY16 Goals:

- Acquire the real property needed to complete MWRA's major capital projects in a timely and cost-effective manner; manage the disposition of surplus real property in an efficient manner; and provide staff and others with current information regarding MWRA's real property rights.
- Manage the centralized environmental management program, providing technical assistance regarding hazardous waste management, air quality compliance, and related issues during all phases of MWRA projects as well as monitor and provide assistance in maintaining environmental regulatory compliance at MWRA facilities.

FY16 Initiatives:

- Implement the recently-promulgated underground storage tank regulations including the revised Stage I requirements for gasoline dispensing facilities.
- Coordinate implementation of the anticipated air quality operating permit renewal for the Deer Island Treatment Plant.

FY15 Mid-Year Accomplishments:

- Provided ongoing real estate services, including appraisal and negotiation, on projects such as the Fore River Railroad track relocation project, Charlestown Navy Yard lease, Chelsea lease.
- Provided real estate services (appraisal, negotiation, plan and legislation review) on sale of Fox Point (Dorchester) and for easement swap with Quincy Shipyard, LLC (Quincy).
- Managed nine (9) permit agreements (six at Turkey Hill and three at Walnut Hill), including the termination of two (2) permit agreements with MetroPCS per its request in second quarter of FY15. Coordinated with Operations for approval of the equipment changes (including removal) and improving the invoicing system for

maintenance reimbursements. Total revenue for the nine agreements is \$470,000 of which MWRA and the host community each receive half. Currently renegotiating one of seven permit agreements due for renewal.

- Managed fee assessment for long-term 8M permits on MWRA fee controlled land. 8M fees for these agreements total approximately \$52,000 per year. Also provided assistance to Operations on short-term 8M permit agreements in which fees are assessed.
- Staff acquired easements and negotiated licenses and extensions to support projects. Acquired: easements from 65+ property owners for Section 36, New W11C, and Shaft 9A in Arlington; In progress: easement acquisitions and grant of license to City of Marlboro for Carroll Water Treatment Plant (CWTP) security entrance renovations; and easement and licenses to support Alewife Brook Conduit renovations and Webster Avenue Pipe Bridge Replacement (Somerville), property interest from City of Chelsea for Chelsea Headworks Renovation.
- Provided real estate support services including deed research and coordination with Planning's Geographic Information System (GIS) group and Law to develop/improve comprehensive property maps for the Cochituate, Sudbury, Weston, and Wachusett Aqueducts, to support projects such as the aqueduct trail initiative. Provide real estate research for a comprehensive facility database in conjunction with GIS. Provided daily assistance in concert with Law and GIS to ongoing inquiries regarding MWRA real estate rights and ownership.
- Continued with remediation and assessment of oil contamination at the Fore River Staging Area (FRSA) facility.
- Continued with the remediation assessment of the oil contamination resulting from the February 2010 spill at the Cottage Farm Combined Sewer Overflow (CSO) facility.
- Completed the 5-year periodic evaluation of the waste disposal site conditions at Spot Pond Brook near Gillis Pump Station and the Fore River Staging Area.
- Provided technical support for the assessment and abatement design for PCBs at the Cottage Farm CSO Facility. Submitted draft PCB Abatement Plan to EPA and continue to evaluate project scope and schedule.
- Submitted and received approval from EPA for the PCB Abatement Plan for the Chelsea Creek Headworks.. Continued to provide technical support during the pilot testing to evaluate the effectiveness of various abatement and encapsulation techniques.
- Completed a limited abatement of PCB-contaminated paint at Ward Street Headworks.
- Completed a limited asbestos abatement project at the Oakdale Power Station.
- Coordinated with design consultant for the assessment and demolition design for PCBs, lead paint and asbestos at the abandoned Westborough State Hospital Pump Station located on the grounds of the Carroll Water Treatment Plant.
- Continued to provide technical and regulatory coordination of the fuel tank maintenance contract. Completed fuel tank piping system upgrades at Gillis Pump Station, comprehensive leak detection testing and internal repair of a 20,000-gallon underground tank at Nut Island Headworks, repaired and rebuilt underground piping sumps at multiple facilities, and general monitoring system repair and upgrades at other facilities. Continued with the new MassDEP-required monthly inspection requirement for all underground fuel storage tank systems.
- In response to the installation of a new electrical transformer implemented a new Spill Prevention, Control, and Countermeasure (SPCC) Plan for the Intermediate Pump Station in Weymouth. Completed an update to

the Spill Prevention, Control, and Countermeasure (SPCC) Plan for the MWRA Braintree-Weymouth Pump Station. Incorporated these new and revised plans into the MWRA-wide SPCC annual training program.

- Continued to prepare, coordinate and oversee the completion of annual SPCC Plan training of over 200 MWRA oil handling staff and managers.
- Continued with MassDEP-required periodic groundwater monitoring around the former wastewater holding tank at Clinton.
- Provided technical and environmental regulatory support regarding contaminated soil and groundwater as well as geotechnical issues on various design and construction projects, including:
 - Stoneham Low Service Covered Storage and Pump Station,
 - Remote Headworks Rehabilitation,
 - Northern Intermediate High project,
 - Section 36 Watertown-Waltham Connection,
 - Alewife Brook Pump Station facility upgrades,
 - MWR003 Gate, Siphon and Floatables Control project
 - Southern Extra High Pipeline
 - Sudbury Aqueduct Connection Alternatives
 - Section 53 Water Line
 - Fells Covered Storage microwave antenna tower project
- Completed work with EPA and Operations staff to implementing diesel engine emission controls for Cottage Farm, Prison Point, and CWTP. Coordinated installation of retrofit emissions controls for the new Loring Road and Arlington Covered Storage emergency generator. Continued to work with Operations staff to implement new maintenance and recordkeeping requirements for emergency generators. Completed air emissions testing at the Biosolids Processing Facility.
- Completed the triennial third party verification process of the DITP greenhouse gas emissions for 2013 and coordinating a similar verification of the Biosolids Processing Facility greenhouse gas emissions for 2014.
- With the end of 2014 completed the second three year control period of the Regional Greenhouse Gas Initiative and competed the transfer of carbon allowances covering the total carbon emissions from the DITP combustion turbine generators.

Provided technical and environmental regulatory support for upgrades at the Ware Disinfection Facility including a new potable water supply for the facility, a new onsite septic system, a new industrial waste water holding tank, and a new wastewater dry well. Submitted self-certification documentation to DEP for the new industrial wastewater holding tank.

- Represented MWRA in the Massachusetts Geological Survey annual meeting of the State Map Advisory Committee to assist the State Geologist with prioritize geological mapping activities in the next calendar year.

Budget Highlights:

- The FY16 Final Budget is \$663,000, a decrease of \$104,000 or 13.5%, as compared to FY15 Proposed Spending.
- \$453,000 for **Wages and Salaries**, an increase of \$17,000 or 3.9%, as compared to FY15 Proposed Spending mainly for projected contractual increases. The budget supports four positions.
- \$3,000 for **Training and Meetings**, no change from the FY15 Proposed Spending.
- \$201,000 for **Other Services**, a decrease of \$125,000 or 38.4%, as compared to FY15 Proposed Spending. The decrease is due to the decreased costs for the underground storage tank project based on the award of a new lower cost contract.



Appendices

APPENDIX A

DIRECT EXPENSE BUDGET LINE ITEM DESCRIPTIONS

Introduction

MWRA's direct expense budget funds the annual expenses of its operating and support divisions. Though the direct expense budget constitutes less than half of MWRA's total budget, it is these expenses which directly support the provision of water and sewer services to MWRA's customers. The direct expense budget includes the annual costs of operating the water and sewer systems, and funds the policy direction, administrative, financial, and legal support services for MWRA's ongoing operations. The direct expense budget also includes the personnel costs for management and oversight of MWRA's extensive capital programs.

There are 11 line items in the division budgets. The line items are:

Wages and Salaries - This line item includes funds for regular pay, shift differential, holiday pay, and standby pay for MWRA staff, as well as funds for interns and temporary staff.

Overtime - This line item includes funds for overtime related to operations, maintenance, emergencies, and training.

Fringe Benefits - This line item includes funds for health and dental insurance, unemployment compensation, Medicare, and overtime meals.

Workers' Compensation - This line item includes funds for compensation payments, medical payments, and settlements of compensation claims.

Chemicals - This line item includes funds for the chemicals used in water and wastewater treatment, such as chlorine, sodium hypochlorite, soda ash, sodium bisulfite, and hydrofluosilicic acid.

Utilities - This line item includes funds for electricity, diesel fuel, and other utilities such as water and sewer services paid by MWRA to the towns in which it operates facilities.

Maintenance - This line item includes funds to purchase materials and services for the maintenance of MWRA's plants and machinery, water and sewer pipelines, grounds, and buildings.

Training and Meetings - This line item covers the costs of staff training, meetings, and professional seminars.

Professional Services - This line item funds outside consultants supporting MWRA activities, including engineering and construction services, laboratory and testing contracts, computer system consultants, and legal and audit services.

Other Materials - This line item includes funds for office materials, equipment, postage, laboratory supplies, MWRA vehicles, work clothes, and computer hardware and software.

Other Services - This line item includes funds for space leasing, health and safety initiatives, removal of grit and screenings from the sewerage system, and the contracted operation of MWRA's residuals processing plant.

Sections II – V present summaries of the MWRA's budgets with a detailed description of program budgets and highlights within each divisional section.

APPENDIX B

BUDGET PROCESS AND TIMETABLE

MWRA operates on a fiscal year that starts July 1. The Current Expense Budget development process begins in September and, as described below, continues through a series of interactive reviews and revisions until June, when the Board of Directors approves the final budget. Throughout the formal budget process, MWRA staff maintains an ongoing dialogue with the Board of Directors and Advisory Board to discuss issues, the status of budget development, and other concerns.

| MONTH | ACTIVITY |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| September | Divisions receive budget targets, guidelines, and manuals for the development of budget requests, and can begin to access MWRA's interactive budgeting system. |
| December | After the divisions return their budget requests, the Rates and Budget Department consolidates the authority-wide budgets, develops briefing materials for senior management, and identifies major budget issues. |
| January | The Executive Director determines proposed funding levels required to meet operational and financial objectives. Staff may seek appropriate policy direction from the Board. |
| February | MWRA transmits the Proposed Current Expense Budget to the Advisory Board for a 60-day review, during which time MWRA staff meet with Advisory Board staff, respond to questions, and provide updated information on plans and prices. |
| March – May | MWRA hosts public hearings to solicit comments on the proposed budget and community assessments from citizens in its service area. The Advisory Board reviews the proposed budget and transmits comments and recommendations to the MWRA. |
| June | The Board of Directors holds a hearing on the proposed budget and the Advisory Board's comments and recommendations. The Board of Directors adopts a final Current Expense Budget and a schedule of final wholesale water and sewer assessments. |

APPENDIX C

MASSACHUSETTS WATER RESOURCES AUTHORITY BUDGET AND ASSESSMENT POLICIES AND PROCEDURES

**(Revised August 2003 to incorporate changes to capital budget section of Management
Policies adopted by the Board of Directors June 11, 2003)**

These policies and procedures govern certain budget, assessment, and rates management practices at the Massachusetts Water Resources Authority (MWRA). Policies and procedures may be amended from time to time, provided that changes in provisions governing reporting to or approvals by the Board of Directors or the Advisory Board must be approved by the Board of Directors. If any sections of these policies and procedures are at variance with requirements of MWRA's financing agreements, the latter shall govern.

ASSESSMENT POLICIES AND PROCEDURES

Basis of MWRA Assessments

MWRA is required by its Enabling Act to establish assessments which, with other revenues, provide sufficient funds each year to pay all current expenses, debt service, and obligations to the Commonwealth; to pay all costs of maintenance, replacement, improvements, extension, and enlargement of the sewer and waterworks systems; to create and maintain reserve funds; and to provide amounts required by financing agreements. These assessments are adopted by MWRA based on the rate revenue requirements set forth in the Current Expense Budget.

Costs Recovered

MWRA capitalizes certain of its asset costs in accordance with its capitalization policy. Capital expenditures are planned as set forth in the Capital Improvement Program and are recovered through assessments in accordance with MWRA financing agreements. The Current Expense Budget provides detailed information on capital and debt costs, additions to reserves, and all operations and maintenance costs to be recovered with current revenue.

Sources of Current Revenue

MWRA recovers most of its current expenses from users of the services it provides. In addition to rate revenue requirements, budgeted current revenue includes anticipated fines, fees, investment income on certain fund balances, and payments for contracted services. MWRA is committed to seeking additional sources of current revenue.

Coverage Requirements

MWRA's financing agreements include coverage requirements which provide that each year revenue less operating expenses (net revenue) must be more than the amount required for debt service payments on outstanding bonds. The primary bond coverage requirement is that net revenue must be 120 percent of required debt service fund deposits for bonds outstanding excluding subordinated bonds. The secondary coverage requirement is that net revenue must be 110 percent of required debt service fund deposits for all bonds outstanding, including subordinated bonds. Revenue must be raised annually to meet the primary and secondary bond coverage requirements and may be used for additions to reserves or for payment of obligations to the Commonwealth. Amounts remaining after these uses are used to pay capital costs in order to reduce the need for future borrowing or to reduce current debt service costs. In addition, MWRA has a supplemental bond coverage requirement that amounts contained in its Community Obligation and Revenue Enhancement (CORE) Fund shall equal 10 percent of required debt service fund deposits for bonds outstanding, excluding subordinated bonds. Amounts required to be on deposit in the CORE Fund are recovered through assessments as necessary.

Budget Surpluses

In any year in which current revenue exceeds both current expenses on a budget basis and amounts required to meet bond coverage tests, the amount of over-recovery is deposited first to reserve funds, if any, which are below the level specified in any financing agreements, and second into MWRA's rate stabilization fund or bond redemption fund. Amounts deposited in these funds are used to offset rate requirements in subsequent years and such, to provide rate relief for our communities. With Board approval, surplus funds can also be used for targeted defeasance in future years and/or to reduce future liabilities, as part of a multi-year rate strategy. MWRA consults with the Advisory Board regarding the yearly use of these funds.

Budgeting and Assessment Objectives

MWRA follows conservative budgeting practices, and has the following objectives in developing budgets and community assessments:

1. To minimize total costs, consistent with MWRA's statutory responsibilities to provide effective, environmentally sound wholesale water delivery and wastewater collection and treatment services;
2. To minimize the cost of debt;
3. To avoid single year assessment spikes by prudent management of cost and assessment increases, and
4. To support inter-generational equity by avoiding unfair assessment burdens on either current or future ratepayers.

Allocation of Costs and Revenue to Systems

Most of MWRA's current expenses are directly attributable to either water or sewerage service costs or to investment in either the water or sewerage systems. Expenses which support both systems (indirect system costs) are allocated to the water or sewer system based on generally accepted cost allocation principles. Investment, contract, and other income offsets water and sewerage expenses on either a direct or allocated, indirect basis. The resulting net cost of water and sewerage services is the amount to be recovered through water and sewer assessments.

Allocation of Rate Revenue Requirements to User Assessments

Users of MWRA wholesale water and sewerage services are assessed for those services according to MWRA's water and sewer assessment methodologies. Assessments for water services are computed by MWRA based on metered water use for the preceding calendar year. The total assessment is allocated based on each community's share of water delivered in the immediately preceding calendar year.

Assessments for sewer services are computed on the basis of a combination of metered wastewater flow and loads, and population.

- Operations and Maintenance (O&M) costs are allocated based on total annual metered wastewater flow, and total annual average strength, septage, and high strength flow loads.
- Capital (or debt service) costs are allocated based on a combination of metered wastewater flow and loads, and population. One-quarter of capital costs are allocated based on maximum month flow, and total annual average strength, septage, and high strength flow loads. The remaining three-quarters of capital costs are allocated based on population. Half of the population allocation is based on census population and half is based on contributing population.

Schedule and Procedure for Adoption of Assessments

During the preparation of the proposed Current Expense Budget, required water and sewer rate revenue is determined, and a preliminary calculation of the allocation of costs to user-specific assessments is made. This information is provided to MWRA customers to assist them in their own fiscal planning. As provided in the Enabling Act, the proposed Current Expense Budget and preliminary assessments undergo statutory review, including public hearings and review by MWRA's Advisory Board. Further refinements of projected expenses and revenues also occur during this period. If review and analysis of the proposed Current Expense Budget results in lower projected expenses or higher projected revenue, some or all of such savings from preliminary estimates of assessments can be included in the adopted budget as additions to the rate stabilization fund and used to reduce rate revenue requirements in subsequent years. Alternatively, some or all of such savings can be used to reduce final assessments to customers below preliminary estimates.

The Current Expense Budget and final water and sewer assessments are adopted in June for the fiscal year beginning in July. The budget adopted in June may differ from the proposed budget as a result of review and further refinement of the proposed budget, although final assessments adopted by MWRA must be sufficient to recover water and sewer rate revenue requirements specified in the adopted budget. Final water and sewer rate requirements and their allocation to users may thus change from preliminary estimates. In addition, any individual community's final assessment may be higher or lower than the preliminary estimate, both because of changes in the factors which affect the allocation of assessments among wholesale customers, and because of differences between MWRA's proposed and final budgets as approved by the Board of Directors.

Review and Dispute Resolution Process

MWRA annually determines preliminary and final assessments for water and sewer services in February and June prior to the beginning of the new fiscal year. These assessments must satisfy the requirement that MWRA fully recover its water and sewer costs by apportioning total costs as assessments among its wholesale water and sewer customers pursuant to its water and sewer rate methodologies and to certain specified data including:

- Calendar year metered water volume and metered wastewater flow obtained from MWRA's water and wastewater metering systems;
- Federal and state community census statistics, and sewer population estimates and other information supplied on Customer Service Update forms and Municipal Discharge Permits; and
- High strength user monitoring data and estimates of community septage volumes as obtained by MWRA's Toxic Reduction and Control Department.

The review and dispute resolution process provides MWRA's wholesale customers with the opportunity to review and comment on the reasonableness of the data used to calculate preliminary water and sewer assessments. During the year, MWRA provides its customers with monthly summaries of water and wastewater flow data distributed, at a minimum, on a bimonthly basis. Because annual metered water and wastewater flows are major components for establishing water and sewer charges for each community, customers are strongly encouraged to review this data closely upon receipt and raise questions with MWRA staff concerning the data. MWRA expects that prompt customer review and comment on meter data will result in the resolution of most water and wastewater metering questions and assure the most consistency between preliminary assessments in February and final assessments announced in June. Community contributions of high strength flow and septage, and population data are made available with the release of preliminary assessments in February.

If after an initial review a community believes that specific data used to calculate assessments should be reevaluated, a community may submit a written objection to the Executive Director with a copy to the Rates Manager or their designee. The objection must be signed by the local official on record with MWRA as responsible for water or sewer services in the city, town, or district. The objection should state the community's concern with the data used to calculate

community assessments, and should also include information and technical data to support the community's objection.

In order for any data adjustments to be incorporated into the allocation of final fiscal year assessments, all objections to data used to calculate preliminary assessments must be received no later than the date of the final public hearing on the proposed budget and preliminary assessments, held pursuant to Section 10 of the MWRA Enabling Act. MWRA staff will review and evaluate the merits of all written objections. Customers are notified in writing of the results of this review prior to the release of final assessments.

Adjustments to preliminary data, if any, are not retroactive beyond the applicable calendar year for proposed assessments. Final fiscal year assessments are calculated incorporating adjustments, if any, resulting from the review and objection process, and final rate revenue requirements as adopted by the Board of Directors.

Written objection(s) may also be submitted following the adoption of final fiscal year assessments, but no later than the end of the fiscal year for which the assessments are applicable. Objections submitted in this manner must also be directed to the Executive Director with a copy to the Rates Manager or their designee.

Following MWRA staff review, adjustments to assessments resulting from the challenge of rate basis data that are submitted following the adoption of final fiscal year assessments will be applied to the subsequent year's assessments. Customers are notified in writing of the results of this review and any assessment adjustments prior to the release of the subsequent year's assessments.

Water and Sewer Assessment Payment Schedule

MWRA adopts a schedule of assessments and a schedule of payments annually. Any adjustments for prior years resulting from the review and objection process are apportioned to each of the scheduled payment amounts. No interest is paid or billed by MWRA for previous year's adjustments.

Assessments are payable to MWRA in ten equal installments due on the first day of August, September, October, November, December, February, March, April, May, and June.

Interest Charge on Delinquent Payments

For payments received after a payment due date MWRA levies an interest charge of one percent per month or 0.033 percent per day. Interest charges do not accrue until 30 days after the bills are mailed to MWRA's customer communities. Interest charges are added to subsequent regular billings.

Retail Rates

MWRA assessments are for MWRA's provision of wholesale services. Local bodies which receive wholesale services in turn provide retail services to their users at the local level.

MWRA encourages its customers to establish retail rates which:

1. Recover the full cost of providing local water and/or sewerage services, including both direct costs and an allocation or estimate of indirect costs,
2. Charge users of local water and/or sewerage services in a manner which demonstrates to customers that increased use of services results in increased user costs,
3. Comply with MWRA policies directed to conservation of water; elimination of infiltration and inflow of surface water and ground water into the sewage collection, treatment, and disposal system; and removal or pretreatment of industrial wastes, and
4. To the extent consistent with #1 and #2, provide assistance to low income users through lifeline rates.

CAPITALIZATION POLICY

It is the policy of the MWRA that capitalization of expenditures conforms to generally accepted accounting principles. Under such guidelines, MWRA has adopted the provisions of the Financial Accounting Standards Board's Statement No. 71, "Accounting for the Effects of Certain Types of Regulation," which is intended to assure that utility revenues are appropriately matched with incurred costs. Capital expenditures create assets or extend their useful lives. Assets are valued at their cost and provide benefits over an extended period of time. Sources of funds for capital expenditures include grants, proceeds of MWRA borrowing, loans, and current revenue.

Asset value created by MWRA is of two kinds. One is the value of tangible assets either created or increased through MWRA capital investments. Such assets include land, buildings, plant, equipment, and the system infrastructure for water and wastewater. The cost of such fixed asset investment includes not only purchase, rehabilitation, and construction cost, but also ancillary expenses necessary to make productive use of the asset. Ancillary costs can include, but are not limited to, costs for planning studies, professional fees, transportation charges, site preparation expenditures, and legal fees and claims directly attributable to the asset.

The second kind of asset value created by MWRA investment is the value of intangible assets. While such investment does not result in tangible MWRA assets, it does create a benefit to MWRA and its users over several years. Such assets include the cost of MWRA efforts to establish base-line leak detection information for the water systems of MWRA customers. The cost of providing water consumption-limiting devices to households is another example.

Expenditures for tangible assets are included in the Capital Improvement Program and Budget if the expected cost of the individual asset or capital project is \$100,000 or more and if the expected useful life is more than one year. Expenditures for intangible assets are capitalized if the expected cost is \$100,000 or more and if the expected benefit period is three years or more. Annually recurring costs and expenditures for maintenance of assets are not capitalized, even though their cost may exceed \$100,000. Examples of such maintenance expenditures include replacement of vehicles or computers, replacement of inoperable valves or other equipment before the anticipated useful life has been reached, and pipeline or interceptor repairs that do not add significant life to the underlying asset.

RESERVES FUNDED FROM CURRENT REVENUE

Operating Reserve

The Operating Reserve has been established to provide a source of funds to be used to pay operating expenses of the sewer or water systems should there not be sufficient funds otherwise available for that purpose. Bond agreements specify that the fund level shall not be less than one-sixth of MWRA's annual operating expenses.

Insurance Reserve

The Insurance Reserve has been established to provide funds to restore, replace, or reconstruct lost or damaged property or facilities of the water or sewer system. It provides funds reserved against risks for which MWRA does not currently maintain insurance. This self-insurance reduces the cost MWRA might otherwise incur for purchased insurance policies. MWRA periodically evaluates the level of its insurance reserve and every three years a consulting engineer or an insurance consultant recommends an appropriate insurance reserve fund requirement. The current funding level of \$14.0 million has been determined to be adequate based on a FY14 Insurance Reserve Fund review performed by an outside insurance consultant who estimated an acceptable fund level in the range of \$12 to \$16 million. The next Insurance Reserve Fund review is expected to be finalized in February 2017.

Renewal and Replacement Reserve

The Renewal and Replacement Reserve has been established to pay the costs of emergency repairs or capital improvements to the system when funds are not available in either the Construction Fund or the Operating Fund. Amounts may not be withdrawn until MWRA has specified the project to which the amount will be applied, its estimated cost, and estimated completion date. It must also certify that such expenditures are reasonably required for the continued operation of the systems, or for maintenance of revenues, or that other provisions have not been made for funding such expenditures. Every three years, MWRA receives recommendations from a consulting engineer as to the adequacy of the renewal and replacement reserve fund requirement. The Renewal and Replacement Reserve Fund requirement is presently established at \$35 million. The adequacy of the funding requirements for the Operating Reserve Fund and the Replacement Reserve Fund have been confirmed by the Consulting Engineer in its most recent triennial report dated October 2014, prepared and delivered in accordance with the General Resolution. The next Triennial Report is scheduled for October 2017.

CURRENT EXPENSE BUDGET MANAGEMENT POLICIES AND PROCEDURES

A. Budget Allocations

Budget Contingency Holdbacks

After the Board of Directors adopts the Current Expense Budget each year, the Executive Director, the Chief Operating Officer, or a division director may reserve between two percent and four percent of a division's approved budget as a budget contingency to be expended only upon approval of the Executive Director. The contingency holdback may be from any line item or cost center or combinations thereof, and any amount reserved as a budget contingency is not to be included in the monthly budget allocation process described below. The Administration, Finance, and Audit Committee will be notified of all budget contingency holdback amounts.

Monthly Allocation of the Annual Current Expense Budget

Initial monthly allocations are made for purposes of adopting and filing an operating budget in accordance with MWRA's financing agreements. Before the end of the first reporting period of the fiscal year, divisions, with the assistance of the Rates and Budget Department, allocate the approved budget, less any holdbacks, by month. The allocations set forth planned expenditures and accruals for each of the 12 months of the year to be compared to actual expenditures and accruals as reported in MWRA's monthly variance reports.

B. Budget Variance Monitoring and Analysis

At the close of each monthly accounting period, the Accounting Department prepares MWRA financial statements. The Rates and Budget Department then prepares monthly variance reports that compare planned to actual revenues and expenses.

Variance Analysis

Division directors and staff review variance reports and explain variances between planned and actual expenditures as requested by the Rates and Budget Department. Variance explanations are prepared as needed, usually at the end of each quarter of the fiscal year. At least twice each year MWRA staff prepares forecasts of year-end expenditures and revenue. Barring extraordinary circumstances, division directors are responsible for controlling spending within the overall division budget. The Rates and Budget Department reviews all variances and projections so that appropriate measures may be taken to ensure that overall spending is within the MWRA's budget.

Variance explanations are submitted to the Rates and Budget Department in accordance with the schedule developed by the Rates and Budget Department. Each month the Rates and Budget Department prepares a summary of budget variances for inclusion in the Management Indicators Report (Yellow Notebook). The Rates and Budget Department also prepares a monthly staff summary (except for July and August) to the Board of Directors describing major budget

variances and a quarterly budget variance report for inclusion in the Board of Directors Report on Key Indicators of MWRA Performance (Orange Notebook). At least twice a year, the Rates and Budget Department prepares a staff summary to the Board of Directors on year-end projections of revenue and expenses.

C. Budget Amendments

An amendment to an MWRA Current Expense Budget is defined as follows:

A proposed change in an adopted budget or a proposed budget transmitted to the MWRA Advisory Board in accordance with Section 8(b) of Chapter 372 of the Acts of 1984 which meets any of the following criteria:

1. Any increase in total current expenses.
2. An increase of five percent or more in total division expenses.
3. An increase in any expense line item (subsidiary account) of 15 percent or more if that line item is at least 2.5 percent of total current expenses.
4. An addition or deletion of a specific new program or initiative, the cost of which is greater than one percent of total current expenses, unless the addition or deletion has been specifically recommended by the Advisory Board.

The Executive Director, with the concurrence of the Chairman of the Board of Directors and the Chairman of the Administration, Finance, & Audit Committee of the Board of Directors, submits proposed amendments to the Advisory Board for comment and recommendation. At the end of the Advisory Board 30-day review period, the Board of Directors may take action on the amendment.

CAPITAL BUDGET MANAGEMENT POLICIES AND PROCEDURES

General Guidelines

The Authority shall periodically adopt and revise capital facility programs for the Wastewater and Waterworks Systems and capital budgets based on these programs. The Authority shall consult in the preparation of its capital facility programs for the Wastewater and Waterworks Systems with the Authority's Advisory Board and the Executive Office of Environmental Affairs, and may consult with other agencies of federal, state and local government concerned with the programs of the Authority. Proposed capital facility programs and capital expenditure budgets for said systems shall be submitted to the Advisory Board for such consultation no less than sixty days prior to adoption or revision by the Authority. The Authority shall prepare a written response to reports submitted to it by the Advisory Board, which response shall state the basis for any substantial divergence between the actions of the Authority and the recommendations contained in such reports of the Advisory Board. The Authority shall capitalize expenditures in accordance with generally accepted accounting principles. Capital

expenditures will be planned in accordance with Authority financing agreements and policies for amortization of capital costs.

Capital Budget Contingency

A contingency for each fiscal year is incorporated into the Capital Improvement Program for the purpose of providing for unanticipated or unpredictable expenditures under the CIP spending cap.

Capital Budget Monitoring and Reporting

The Authority shall continually monitor the progress of capital projects for purposes of managerial control and decision-making and for financial planning and management. Two capital budget variance analysis reports will be provided to the Board of Directors, one for the first six months of a year and one at year-end. The reports will include planned project schedules and budgets compared to actual performance. The reports will highlight any major changes, either in scope or budget, of any project. Based on these reports, staff may recommend to the Board of Directors revisions, if appropriate, to the annual and five-year caps based upon said changes. In addition, capital budget progress reports shall be provided to the Board of Directors on a regular basis, both as project specific updates and in Quarterly Orange Notebook reports that shall include discussions of project progress compared to schedules. Monthly Financial Summary reports shall include discussions of capital expenditures compared to budget.

Capital Budget Spending Cap

Beginning in June 2003, the Board of Directors established a five-year Capital Budget Spending cap and annual caps for each year within the cap period. Spending for any year in the cap period may vary within plus or minus 20% of the annual cap, as long as total spending for the five-year period does not exceed the five-year cap. Before the end of each five-year cap period, the Board will adopt a cap for the next five-year period and annual caps for each year in the period. The Board established the third five-year cap for the FY14-18 period at its June 2013 meeting.

Expenditures in Excess of the Spending Cap

In the event of unanticipated spending requirements, the Executive Director may recommend to the Board of Directors that annual expenditures exceed an annual cap by more than 20% or that five-year expenditures exceed the current five-year CIP spending cap. In such an event, a proposed plan to adjust the five-year cap or any of the annual caps will be presented to the Board. Any such proposed plan will be submitted to the MWRA Advisory Board for review and comment for a period of thirty days. At the end of the thirty-day period, the Board of Directors may take action on the proposed plan.

APPENDIX D

MWRA Planning Estimates FY2016 to FY2025

| COMBINED UTILITIES | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 | FY2025 |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| EXPENSES | | | | | | | | | | |
| Direct Expenses | \$223,756 | \$229,639 | \$236,306 | \$242,855 | \$249,221 | \$255,870 | \$262,404 | \$269,983 | \$276,898 | \$284,445 |
| Indirect Expenses | 47,753 | 47,903 | 51,429 | 52,720 | 54,188 | 55,812 | 58,649 | 54,930 | 56,607 | 44,431 |
| Capital Financing (before offsets) | <u>439,231</u> | <u>457,849</u> | <u>479,990</u> | <u>501,729</u> | <u>553,309</u> | <u>559,623</u> | <u>591,864</u> | <u>547,323</u> | <u>524,655</u> | <u>508,628</u> |
| Sub-Total Expenses | \$710,740 | \$735,392 | \$767,725 | \$797,303 | \$856,717 | \$871,305 | \$912,917 | \$872,236 | \$858,159 | \$837,504 |
| Debt Service Assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Redemption Savings | (3,547) | 0 | (370) | 0 | (3,967) | (6,224) | (12,000) | 0 | 0 | 0 |
| Variable Rate Savings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | \$707,193 | \$735,392 | \$767,355 | \$797,303 | \$852,750 | \$865,081 | \$900,917 | \$872,236 | \$858,159 | \$837,504 |
| REVENUE & INCOME | | | | | | | | | | |
| Non-Member and Other Revenue | \$20,702 | \$15,411 | \$15,935 | \$16,220 | \$16,478 | \$16,849 | \$17,173 | \$16,965 | \$17,090 | \$17,136 |
| Interest Income | 9,496 | 8,705 | 9,907 | 11,215 | 14,614 | 14,936 | 15,050 | 15,197 | 15,456 | 15,740 |
| Rate Stabilization | 0 | 7,951 | 9,633 | 5,981 | 8,033 | 4,914 | 0 | 0 | 0 | 0 |
| Total Other Revenue | \$30,198 | \$32,067 | \$35,475 | \$33,417 | \$39,125 | \$36,699 | \$32,222 | \$32,163 | \$32,545 | \$32,876 |
| Total Rate Revenue | \$676,995 | \$703,325 | \$731,881 | \$763,887 | \$813,625 | \$828,382 | \$868,695 | \$840,074 | \$825,613 | \$804,628 |
| Rate Revenue Increase | 4.1% | 3.9% | 4.1% | 4.4% | 6.5% | 1.8% | 4.9% | -3.3% | -1.7% | -2.5% |
| Estimated Annual Household Charge ** | | | | | | | | | | |
| Based on water use of 61k gpy (weighted) | \$1,057 | \$1,103 | \$1,158 | \$1,211 | \$1,278 | \$1,330 | \$1,397 | \$1,429 | \$1,463 | \$1,492 |
| Based on water use of 90k gpy (weighted) | \$1,560 | \$1,627 | \$1,709 | \$1,786 | \$1,886 | \$1,963 | \$2,061 | \$2,108 | \$2,159 | \$2,201 |
| WASTEWATER UTILITY | | | | | | | | | | |
| EXPENSES | | | | | | | | | | |
| Direct Expenses | \$151,511 | \$155,427 | \$160,067 | \$164,476 | \$168,708 | \$173,154 | \$177,429 | \$182,712 | \$187,285 | \$192,418 |
| Indirect Expenses | 13,700 | 13,250 | 14,947 | 15,326 | 15,874 | 16,534 | 17,176 | 18,012 | 18,597 | 10,161 |
| Capital Financing (before offsets) | <u>296,138</u> | <u>316,417</u> | <u>316,107</u> | <u>339,448</u> | <u>375,564</u> | <u>363,178</u> | <u>383,828</u> | <u>330,910</u> | <u>311,844</u> | <u>305,687</u> |
| Sub-Total Wastewater Expenses | \$461,348 | \$485,094 | \$491,121 | \$519,250 | \$560,146 | \$552,865 | \$578,433 | \$531,634 | \$517,727 | \$508,266 |
| Debt Service Assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Redemption Savings | 0 | 0 | 0 | 0 | (3,967) | 0 | (1,816) | 0 | 0 | 0 |
| Variable Rate Savings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Wastewater Expenses | \$461,348 | \$485,094 | \$491,121 | \$519,250 | \$556,179 | \$552,865 | \$576,618 | \$531,634 | \$517,727 | \$508,266 |
| REVENUE & INCOME | | | | | | | | | | |
| Non-Member and Other Revenue | \$5,391 | \$5,502 | \$5,605 | \$5,728 | \$5,862 | \$5,970 | \$6,104 | \$6,188 | \$6,303 | \$6,427 |
| Interest Income | 5,335 | 4,801 | 5,516 | 6,273 | 8,245 | 8,508 | 8,689 | 8,784 | 8,714 | 8,755 |
| Rate Stabilization | 0 | 1,944 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Prior Year Utility Surplus/Deficit Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Revenue | \$10,726 | \$12,246 | \$11,120 | \$12,001 | \$14,107 | \$14,478 | \$14,793 | \$14,972 | \$15,017 | \$15,182 |
| Wastewater Rate Revenue | \$450,622 | \$472,848 | \$480,001 | \$507,249 | \$542,072 | \$538,387 | \$561,825 | \$516,662 | \$502,710 | \$493,084 |
| Rate Revenue Increase | 2.4% | 4.9% | 1.5% | 5.7% | 6.9% | -0.7% | 4.4% | -8.0% | -2.7% | -1.9% |
| Estimated Annual Household Charge ** | | | | | | | | | | |
| Based on water use of 61k gpy (weighted) | \$622 | \$653 | \$677 | \$712 | \$753 | \$774 | \$811 | \$812 | \$831 | \$854 |
| Based on water use of 90k gpy (weighted) | \$918 | \$964 | \$999 | \$1,051 | \$1,111 | \$1,142 | \$1,197 | \$1,198 | \$1,227 | \$1,261 |
| WATER UTILITY | | | | | | | | | | |
| EXPENSES | | | | | | | | | | |
| Direct Expenses | \$72,246 | \$74,212 | \$76,239 | \$78,379 | \$80,512 | \$82,716 | \$84,975 | \$87,271 | \$89,613 | \$92,027 |
| Indirect Expenses | 34,053 | 34,654 | 36,482 | 37,393 | 38,313 | 39,278 | 41,473 | 36,919 | 38,009 | 34,270 |
| Capital Financing (before offsets) | <u>143,093</u> | <u>141,432</u> | <u>163,882</u> | <u>162,281</u> | <u>177,745</u> | <u>196,446</u> | <u>208,036</u> | <u>216,413</u> | <u>212,810</u> | <u>202,941</u> |
| Sub-Total Water Expenses | \$249,392 | \$250,298 | \$276,604 | \$278,053 | \$296,571 | \$318,439 | \$334,484 | \$340,603 | \$340,432 | \$329,238 |
| Debt Service Assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Bond Redemption Savings | (3,547) | 0 | (370) | 0 | 0 | (6,224) | (10,184) | 0 | 0 | 0 |
| Variable Rate Savings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Water Expenses | \$245,845 | \$250,298 | \$276,234 | \$278,053 | \$296,571 | \$312,215 | \$324,300 | \$340,603 | \$340,432 | \$329,238 |
| REVENUE & INCOME | | | | | | | | | | |
| Non-Member and Other Revenue | \$15,311 | \$9,909 | \$10,330 | \$10,492 | \$10,616 | \$10,879 | \$11,069 | \$10,777 | \$10,787 | \$10,709 |
| Interest Income | 4,161 | 3,905 | 4,391 | 4,943 | 6,369 | 6,428 | 6,361 | 6,414 | 6,742 | 6,985 |
| Rate Stabilization | 0 | 6,007 | 9,633 | 5,981 | 8,033 | 4,914 | 0 | 0 | 0 | 0 |
| Prior Year Utility Surplus/Deficit Transfer | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Other Revenue | \$19,472 | \$19,821 | \$24,354 | \$21,416 | \$25,018 | \$22,221 | \$17,430 | \$17,191 | \$17,529 | \$17,694 |
| Water Rate Revenue | \$226,373 | \$230,477 | \$251,880 | \$256,637 | \$271,552 | \$289,995 | \$306,870 | \$323,412 | \$322,904 | \$311,544 |
| Rate Revenue Increase | 7.7% | 1.8% | 9.3% | 1.9% | 5.8% | 6.8% | 5.8% | 5.4% | -0.2% | -3.5% |
| Estimated Annual Household Charge ** | | | | | | | | | | |
| Based on water use of 61k gpy (weighted) | \$435 | \$450 | \$482 | \$498 | \$525 | \$556 | \$586 | \$616 | \$632 | \$637 |
| Based on water use of 90k gpy (weighted) | \$642 | \$664 | \$711 | \$735 | \$775 | \$820 | \$865 | \$910 | \$932 | \$940 |

** Annual household charges are estimated for communities that receive full water and wastewater services from MWRA weighted by the number of households in each of these core communities. Based on community responses to the 2014 MWRA Advisory Board's Annual Water and Sewer Retail Rate Survey.

APPENDIX E

GLOSSARY OF FINANCIAL AND OPERATING TERMS

8M permit: Permission granted by MWRA to persons who wish to construct property improvements on land either adjoining or overlapping MWRA property interests. Permission may be conditioned on various operational and/or engineering concerns.

Accrued Costs: Adjustments to paid expenditures to account for materials or services received but for which payment has not been made.

Activated Sludge: The sludge that results when primary effluent is mixed with bacteria-laden sludge and then agitated and aerated to promote biological treatment.

Advanced Waste Treatment: Wastewater treatment beyond the secondary or biological stage that includes the removal of nutrients such as phosphorus and nitrogen and the removal of a higher percentage of suspended solids and organic matter than primary treatment.

Advisory Board: The agency that represents the interests of MWRA's 61 user communities to the Board of Directors in an advisory capacity in accordance with the provisions of MWRA's Enabling Act. The Advisory Board elects three members of the Board of Directors, reviews and comments on MWRA's CIP and CEB, and approves the addition of new communities to the wastewater and water systems.

Aerobic: In the presence of free oxygen.

Anaerobic: Life or processes such as bacteria that digest sludge that require, or are not destroyed by, the absence of free oxygen.

AOOC: Assimilable Organic Carbon - One measure of the "food" available to bacteria within a water system. More complex carbon compounds can become assimilable when oxidized by strong disinfectants.

ARRA: American Recovery and Reinvestment Act of 2009 – principal forgiveness loans distributed based on the Department of Environmental Protection's Intended Use Plan.

Ash: The inert material remaining after the combustion of wastewater sludge. Ash is either wet or dry depending on combustion system design.

Bacteria: One-celled microscopic organisms commonly found in the environment. Bacteria can be harmful, such as pathogens, or helpful and perform a variety of biological treatment processes.

BDOC: Biologically Degradable Organic Carbon - Another, more precise, measure of the "food" available to bacteria within a water system.

BGD: Billion gallons per day.

Biofilm: Growth of various bacteria within a water distribution system on the pipe walls. Biofilm growth can contribute to iron corrosion, colored water, poor taste, excessive chlorine demand, and complications with coliform testing.

Blow-off valves: Valves operated during pipeline repair to de-water (drain) a portion of a pipeline.

BOD: Biochemical Oxygen Demand - An indicator of the amount of biodegradable contaminants in wastewater.

Board of Directors: The 11-member governing board of MWRA.

Bond Resolution: A document adopted by the Board of Directors that governs MWRA's issuance of revenue bonds and sets forth its obligations to bondholders.

Boston Harbor Project: An extensive plan of activities which MWRA developed and implemented to construct new wastewater treatment facilities in response to a federal court order to comply with the provisions of the U.S. Clean Water Act.

Business Systems Plan (BSP): The strategic planning framework for MWRA's management information systems. The BSP is updated annually to reflect ongoing business requirements, new opportunities identified by ongoing MWRA strategic planning efforts, technology changes, and user requests.

BWSC: Boston Water and Sewer Commission - The agency responsible for providing water and sewer services to the City of Boston, MWRA's largest customer.

CADD: Computer aided drafting and design.

Capital Improvement Program (CIP): A plan which identifies and estimates the nature, schedule, cost, and financing of long-term assets that MWRA intends to build or acquire during a specific period.

Capital Investment: Development of a facility or other asset that adds to the long-term value of an organization.

Carroll Water Treatment Plant (CWTP): Water treatment facility for waters from Quabbin and Wachusett Reservoirs with capacity of 405 mgd using ozonation as a primary disinfectant and UV as a secondary disinfectant beginning in 2014.

CDF: Cosgrove Disinfection Facility

Cathodic Protection: A form of corrosion protection that is particularly effective against galvanic corrosion. Galvanic corrosion occurs when pipe metal is in the presence of other metals

while immersed in water. The interaction of these elements causes an electric current to flow away from the pipe, taking electrons with it and pitting the pipe as a result. Cathodic protection reverses the current, thereby stopping the corrosion.

Centrifuge: A machine that uses centrifugal force to separate substances of different densities and remove moisture. MWRA uses centrifuges at the Deer Island Wastewater Treatment Plant to de-water sludge.

CFM: Cubic Feet per Minute - A measure of the quantity of a material flowing through a pipe.

Chloramination: The process of adding chloramine to drinking water. Chloramine, a form of chlorine and ammonia, is used as a residual disinfectant because it lasts longer in the water distribution system than primary disinfectants.

Chloramine: A long lasting residual disinfectant created by combining measured amounts of chlorine and ammonia. Chloramine forms fewer disinfection by-products than chlorine.

Chlorination: The process of adding chlorine to drinking water to inactivate pathogens.

Chlorine: A relatively strong primary disinfectant, effective against bacteria, *giardia*, and viruses, but not *cryptosporidium*. Concerns exist about the health effects of its by-products, some of which are or will be regulated.

Clarifiers: Settling tanks or basins in which wastewater is held for a period of time, during which heavier solids settle to the bottom and lighter materials float to the surface.

Clean Water Act: A law passed by Congress in 1972, and subsequently amended, which sets national standards for pollution reduction, permits discharges from wastewater treatment plants, and promotes achievement of the national goal that all surface waters be "fishable and swimmable."

Cleaning and Lining: Cleaning and cement lining of unlined cast iron water mains to improve hydraulic capacity and extend useful life.

CMMS (Computerized Maintenance Management System): *Maximo* is the computerized maintenance management system which is an essential component of successful asset management. This system is an important tool used in refining the long-term maintenance strategy to ensure proper maintenance and replacement of plant assets.

Co-Digestion Process: Introduction of non-wastewater derived organic waste material into the wastewater anaerobic digestion process. Co-digestion could potentially increase digester gas production which would be utilized for heating and electricity generation at Deer Island.

Coliform bacteria: A group of lactose fermenting bacteria, which while not of direct health concern, are used as a first line indicator of potential problems. See fecal coliform and *E.coli*.

Comminutor - A machine or process that pulverizes and reduces solids to minute particles.

Commonwealth Debt Service Assistance (DSA): Funds appropriated by the Commonwealth to offset MWRA capital financing expenses.

Community Obligation and Revenue Enhancement (CORE) Fund: A fund established by MWRA's bond resolution that is used to provide insurance against delays by communities in paying charges due to MWRA.

Composting: The process of converting wastewater treatment residuals to a soil-like humus material often used in the horticultural industry. The process involves the aerobic breakdown of the residuals and the addition of sawdust or wood chips.

Corrosion Control: Adjustments to the chemistry of treated water to reduce its ability to dissolve lead, copper, other metals, or form hydrogen sulfide. Corrosion control can include adjustments to pH and alkalinity, as well as the addition of corrosion inhibitors such as phosphates or oxidizers.

Coverage Requirement: Requirement of MWRA's bond resolution which provides that each year, revenue less operating expenses (net revenue) must be more than the amount required for debt service payments on outstanding bonds.

CP (Construction Package): Major construction projects such as the Carroll Water Treatment Plant or the North Dorchester Bay CSO project will group areas of work into individual construction contracts.

Cross-Connection: A point at which potable water piping is connected to a non-potable water source creating an opportunity for the introduction of pollutants into the potable water.

Cryogenic oxygen plant: MWRA operates a cryogenic oxygen-based facility as part of its secondary wastewater treatment program at Deer Island.

Cryptosporidium: A protozoan parasite that can cause severe gastrointestinal disease in healthy individuals, and may be fatal to people with compromised immune systems. Cryptosporidia exist in the environment as hard walled oocysts that are very resistant to chlorination, but can be inactivated by disinfection with ozone or ultraviolet light.

CSO: Combined Sewer Overflow – An overflow point and the discharged flow from a combined sewer system intended to provide hydraulic relief to avoid system flooding and backups during large wet weather events. During large rainstorms, systems can become overloaded, with the excess discharged directly into surface waters. The discharged flow and the discharge location are called CSOs. In the metropolitan Boston area there are approximately 47 active, permitted CSOs that currently discharge into rivers or Boston Harbor.

CSO Facilities: MWRA has six facilities that intercept the flow from CSO pipes. Four of these facilities provide treatment and two provide storage prior to discharge. The CSO facilities have some capacity to store flow and pump it to the Deer Island plant after rainstorms end.

CT: Concentration x Contact Time - A measure of disinfection effectiveness established under the Surface Water Treatment Rule. CT is the product of the concentration of disinfectant [C] and the time it has been in contact with the water [T]. Required CT varies by type of disinfectant, organism, temperature, and pH.

CTG (Combustion Turbine Generator): CTGs are used to generate electricity during planned cable outages, wet weather operations and for participation in price response events.

Current Expense Budget: A financial plan that estimates the revenues and expenses associated with MWRA's operations for a fiscal year.

C-Value: The carrying capacity of a water main for a specified length and pressure drop that is determined by its diameter and resistance to flow. The friction coefficient "C" of the main is often used as a measure of flow resistance. C-values for new pipe are about 120 for water mains that are 6 to 16-inches in diameter, and 130 and 140 for larger diameter mains.

DAF: Dissolved Air Flotation - A process of adding super saturated air into water to cause coagulated solids to rise to the top to be skimmed off. DAF replaces conventional gravity sedimentation (clarification) and is particularly cost-effective for low turbidity waters subject to periodic algae blooms.

DBP: Disinfection By-products - Complex compounds formed by the use of oxidizing agents such as chlorine or ozone in waters containing organic matter.

D/DBP Stage 1: Disinfectants/Disinfection By-products, Stage 1 Rule - Promulgated 11/1998, and effective 1/2002, this rule set DBP limits at 80 parts per billion for Trihalomethanes and 60 parts per billion for Haloacetic Acids, averaging all samples over four quarters.

D/DBP Stage 2: Disinfectants/Disinfection By-products Stage 2 Rule - The rule further regulates the amount of DBPs allowed in water. The 80/60 values set in Stage 1 will now apply to each individual sample location in a "Locational Running Annual Average".

Debt Service: In a given fiscal year, the amount of money necessary to pay interest and principal on outstanding notes and revenue bonds.

DEP: Department of Environmental Protection - The Massachusetts agency that regulates water pollution control, water supplies, and waterways and dispenses federal and state grant funds to support these activities.

Department: A sub-unit of an MWRA division.

Department of Conservation and Recreation (DCR): Created in 2003 through the merger of the Metropolitan District Commission and the Department of Environmental Management, DCR manages the Commonwealth's diverse parks system and protects and enhances natural resources and outdoor recreational opportunities throughout Massachusetts.

De-watering: The process of removing water from wastewater treatment residuals. De-watered sludge has the appearance of mud or wet soil material.

Diffusers: A system of shafts, rising from the end of MWRA's effluent outfall tunnel to the seabed, which disperses treated wastewater over a large area. Technically, the diffusers are the "sprinkler heads" mounted on top of the riser shafts that lead from the outfall tunnel and disperse wastewater into Massachusetts Bay.

Digesters: Tanks for the storage and anaerobic or aerobic decomposition of organic matter present in sludge.

Direct Program Expenses: Costs directly associated with providing services or performing activities.

Disinfection, Primary: The inactivation (killing) of pathogenic organisms in a water system by the use of chemical or other disinfection agents.

Disinfection, Residual: The presence of a measurable residual of disinfectant within a water distribution system to help control bacterial re-growth and guard against contamination.

Dissolved Oxygen (DO): A measure of the amount of oxygen in a given amount of water. Adequate levels of DO are needed to support aquatic life. Low dissolved oxygen concentrations can result from inadequate wastewater treatment.

Division: A major organizational unit within MWRA, encompassing the activities and resources for providing a major service or function.

DLS (Department of Laboratory Services): Laboratory Services is a full service analytical testing and consulting group within the MWRA that primarily serves client groups primarily within the Operations Division. The analytical services that Laboratory Services provides include wet chemistry, metals, organics, and microbiology testing. Related services include field sampling, technical consultation, and contract laboratory management.

DMR (Discharge Monitoring Report): Monthly reports that are submitted to federal and state regulators. MWRA monitors the effluent (treated sewage) that is discharged into Massachusetts Bay, to ensure that it meets the standards set out in the NPDES permit. Analytical support to the effluent monitoring program is provided by the Department of Laboratory Services.

E.coli: A normal inhabitant of the digestive tract of mammals. The presence of *E.coli* indicates probable contamination by fecal matter.

Effluent: Treated wastewater discharged from a treatment plant.

EIR: Environmental Impact Report – A document prepared in adherence with the Massachusetts Environmental Policy Act (MEPA) to review the environmental impact of projects and ensure opportunities for public review and comment.

EIS: Environmental Impact Statement – A document prepared in adherence with the National Environmental Policy Act to review the environmental impact of projects and ensure opportunities for public review and comment.

Enabling Act: Legislation (Chapter 372 of the Acts of 1984) that established MWRA and define its purpose and authority as of January 1, 1985.

ENF: Environmental Notification Form - The first step in the MEPA process.

EOC: Emergency Operations Center

EOEA: Executive Office of Environmental Affairs - The Massachusetts cabinet office that oversees state environmental agencies.

EPA: Environmental Protection Agency - The federal government agency responsible for environmental enforcement and investigation.

ESWTR: Enhanced Surface Water Treatment Rule - A federal rule that is promulgated in three stages:

1) Interim Enhanced Surface Water Treatment Rule (IESWTR): The IESWTR was promulgated in 1998 and tightened the requirements for the operation of water filtration plants in large systems to take a first step toward controlling *cryptosporidium* in source waters. IESWTR also added *cryptosporidium* to the list of issues considered within watershed protection plans for unfiltered systems.

2) LT1ESWTR primarily extends the IESWTR to smaller systems

3) LT2ESWTR: further tightens the standards for the operation of filtration plants and adds requirements for 99% inactivation of *cryptosporidium* and the use of two primary disinfectants for unfiltered systems. The concept of proportional treatment, with less treatment required for cleaner sources, will be implemented as part of the rule.

Enterococcus: A pathogen indicator, similar to fecal coliform, that is used in the Massachusetts Water Quality Standards for marine waters, consistent with the Federal Clean Water Act requirements, which indicates potential contamination from human or animal waste.

Eutrophication: Nutrient enrichment of a lake or other water body typically characterized by increased growth of planktonic algae and rooted plants. Eutrophication can be accelerated by wastewater discharges and polluted runoff.

Expenditures: Payments for goods and services received.

Expenses: Costs associated with the operating activities of a period, including expenditures and accrued costs.

Facility Information System (FIS): The management information system at the Deer Island Treatment Plant.

Fecal coliform bacteria: A group of bacteria used as a primary indicator organism for potential contamination from human or animal waste. Also called thermo-tolerant bacteria. Specific organisms in the group may or may not be of health concern (see *E.coli*).

Filtration: A water treatment process involving the removal of suspended particulate matter by passing the water through a porous medium such as sand or carbon.

Fiscal Year: The 12-month financial period used by MWRA that begins July 1 and ends June 30 of the following calendar year. MWRA's fiscal year is numbered according to the calendar year in which it ends.

Flash coat: A light coat of shotcrete used to cover minor blemishes on a concrete surface.

FOD (Field Operations Department): Department within the Operations Division created to provide high quality, uninterrupted water delivery and wastewater collection services to MWRA communities. The department is responsible for the treatment, transmission, and distribution of water from the Quabbin and Wachusett reservoirs to community water systems. It also manages the collection, transport, and screening of wastewater flow from MWRA communities to the Deer Island Treatment Plant as well as MWRA's industrial pretreatment, permitting, and monitoring programs.

Force Main: A pressure pipe joining the pump discharge at a water or wastewater pumping station with a point of gravity flow.

FRSA (Fore River Staging Area): The site of the Sludge Pelletization Plant.

Giardia: A protozoan parasite that can cause severe gastrointestinal disease, although there is medical treatment available. *Giardia* exists in the environment as hard-walled cysts, and is moderately resistant to chlorine disinfection.

Goal: A statement in general terms of a desired condition, state of affairs, or situation. Goals, which are long-term in nature and not usually directly measurable, provide general direction for the activities of operating units.

Global Positioning System (GPS): Also known as an Automatic Vehicle Location system (GPS/AVL), this tool provides real-time transmission alerts utilizing a cell phone/satellite communication system and a web-based mapping system to track vehicles and operator-driven mobile equipment in MWRA's service area. The system allows MWRA to respond more quickly to emergencies, enhance driver and vehicle safety, reduce fuel costs, track mileage electronically, monitor unauthorized vehicle usage, and improve efficiency.

Graphitization: A corrosion mechanism that alters the molecular structure of the carbon/iron matrix of cast iron pipe. During the process, iron atoms are forced away from the metal leaving behind an unstable carbon matrix. The result is a weakened pipe, easily susceptible to ruptures. High frequency in the number of breaks causes leakage to be a major problem of graphitized pipe.

Grit: Sand-like materials that quickly settle out of wastewater.

Groundwater: A body of water beneath the surface of the ground. Groundwater is made up primarily of water that has seeped down from the surface.

HAA: Haloacetic Acids - A class of disinfection by-products related to chlorine disinfection. HAAs are regulated under D/DBP Stage 1 Rule at 60 ppb.

Harbor Electric Energy Company (HEEC): A subsidiary of NStar which installed a cross harbor power cable and built a sub-station to provide power for construction and operation of the new Deer Island Treatment Plant.

Head House: A structure containing the control gates to a conduit such as a sewer pipeline.

Headworks: A preliminary treatment structure or device, usually including a screening and de-gritting operation, that removes large or heavy materials such as logs and sand from wastewater prior to primary treatment.

Heavy Metals: Metals such as lead, silver, gold, mercury, bismuth, and copper that can be precipitated by hydrogen sulfide in an acid solution.

HOM (Harbor and Outfall Monitoring): A comprehensive program to provide environmental data that helps to predict and measure the effect of Deer Island outfall discharge on the marine ecosystem.

Incentives and Other Charges: A fee system designed to help recover permitting, inspecting, and monitoring costs incurred by MWRA's TRAC Program and provide incentives to permitted users to reduce discharges.

Indirect Expenses: Costs not directly associated with providing services or performing activities.

Infiltration/Inflow (I/I): The problem of clean water flow entering sewers resulting in diminished pipe capacity for sanitary flows and in costly pumping and treatment of unnecessarily large wastewater volumes. Infiltration is groundwater that leaks into the sewerage system through pipe joints and defects. Inflow, primarily a wet-weather phenomenon, refers to water that enters sewers from improperly connected catch basins, sump pumps, land and basement drains, and defective manholes. Inflow also enters through improperly closed or defective tidegates during high tides.

Influent: The flow of water that enters the wastewater treatment process.

Insurance Reserve: A fund established to adequately reserve against risks for which MWRA does not currently maintain insurance.

Interceptors: The large pipes that convey wastewater from collection systems to treatment plants.

Investment Income: Income derived by investing certain operating and reserve fund balances in interest-yielding securities in accordance with the provisions of MWRA's bond resolution.

ISO - NE (Independent System Operator of New England): Non-profit wholesale operator of the regional grid system. The MWRA receives payment from ISO-NE when Deer Island and Carroll Water Treatment Plant remove themselves from the grid. Both plants participate in load response programs offered by ISO-NE which pays larger commercial and industrial electricity consumers to “shed load” during grid peaks. There are several programs available such as price, demand response and load response. MWRA constantly evaluates the options and participates in the most advantageous program.

Labor Costs: Direct costs of employing permanent and temporary personnel, including wages, salaries, overtime pay, fringe benefits, and workers' compensation.

Land Application: The use of wastewater treatment residuals on land for agricultural benefit.

Landfilling: The disposal of residuals by burial. Modern landfills have double liners, leachate collection systems, and other design features to protect against groundwater contamination.

LCR: Lead and Copper Rule – A federal rule that set an action level for lead and copper at “worst case” consumer taps. Optimized corrosion control, notification, education, and lead service replacements are all components of compliance plans.

Leachate: Water that drains from a landfill after having been in contact with, and potentially contaminated by, buried residuals. Modern landfills are designed to collect leachate for subsequent treatment.

Limnology: The scientific study of physical, chemical, meteorological, and biological conditions in fresh waters.

LIMS: Laboratory Information and Management System – An automated database system used to transfer information between MWRA’s Central Laboratory to its client groups and to process information obtained by the Central Laboratory to monitor substances that enter and leave the MWRA wastewater system. Use of LIMS removes the potential for human error in the sampling process by bar coding samples, eliminating the need to transcribe sample data, producing pre-printed project-specific sample check-off forms for field crews, and automating testing through pre-set test codes and project-specific parameters.

LOX (Liquid Oxygen): Liquid oxygen is used together with electrical energy to generate ozone at the Carroll Water Treatment Plant.

Mapping Protocols: Sets of specifications defining the content and format of data to be collected.

MCL: Maximum Contaminant Level - The highest level of a contaminant that is allowed in drinking water. MCLs are set as close to MCLGs as feasible using the best available control technology.

MCLG: Maximum Contaminant Level Goal - The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs allow for a margin of safety.

Massachusetts Environmental Policy Act (MEPA) Unit: A unit of the Commonwealth's Executive Office of Environmental Affairs responsible for implementation of the state environmental review process.

Methane: A colorless, nonpoisonous, flammable gas produced as a by-product of anaerobic sludge processing. At Deer Island, MWRA uses methane as fuel to provide heat and hot water and to generate electricity.

MGD: Million gallons per day.

MIS: Management Information Systems

Mission: A description of the fundamental purposes and major activities of an operating unit or program.

Mitigation: Financial remuneration or non-financial considerations that MWRA provides to communities to alleviate the negative effects of major construction projects.

Molybdenum (Mo): A metallic element that resembles chromium and tungsten in many properties, and is used in strengthening and hardening steel. Mo is a trace element in plant and animal metabolism. The concentration of molybdenum in sludge products is strictly regulated.

NACWA (Nation Association of Clean Water Agencies): NACWA represents the interests of publicly owned wastewater treatment plants. NACWA is involved in all areas of water quality protection including the development of environmental legislation and assisting federal regulatory agencies in the implementation of environmental programs.

NEFCo: New England Fertilizer Company - The contractor responsible for the operation of processing sludge into fertilizer pellets at MWRA's residuals processing plant located in Quincy. NEFCo is also responsible for marketing and distributing the pellets and disposing of any product that is not marketable.

National Pollutant Discharge Elimination System (NPDES) Permit: A permit issued by EPA in conjunction with DEP that governs wastewater discharges into surface waters.

NHS (Northern High Service): Project that involves a series of water system pipeline improvements in the MWRA's Northern High Service Area.

Nitrification: An aerobic process in which bacteria changes the ammonia and organic nitrogen in wastewater into oxidized nitrogen (usually nitrate). Second-stage BOD is sometimes referred to as the nitrification stage (first-stage BOD is called the carbonaceous stage). Also, a similar process in the water distribution system, where ammonia from chloramine can be used by nitrifying bacteria, results in a reduced chlorine residual, and the potential for additional bacteria growth.

OCC: Metropolitan Operations Control Center, located at MWRA's Chelsea Facility.

OEP (Office of Emergency Preparedness): The Office of Emergency Preparedness has oversight over security, exercises, emergency operations, planning, the Emergency Services Unit and critical infrastructure protection.

OMS (Operations Management Systems): OMS correlates PICS data with laboratory analysis to track and analyze DITP's process performance with regard to the plant's discharge permit from EPA and DEP and with respect to cost effective operation.

Operating Reserve: A fund established to adequately reserve for operating contingencies, required by MWRA's bond resolution to be not less than one-sixth of its annual operating expenses.

Organic Matter: Material containing carbon, the cornerstone of plant and animal life. It originates from domestic and industrial sources.

Other User Charges: Revenue received per agreements MWRA has for provision of water, sewer, and other services to entities other than communities which are charged assessments.

Outfall: The pipe or structure where effluent is discharged into receiving waters.

Ozonation: The application of ozone to water, wastewater, or air, generally for the purposes of disinfection or odor control. The Carroll Water Treatment Plant (CWTP) employs the ozonation process to inactivate pathogens, including *cryptosporidium*, with lower levels of DBPs.

Ozone: A strong disinfectant made from oxygen and electrical energy. Ozone is effective against *cryptosporidium*.

Pathogens: Harmful organisms, often called germs that can cause disease. Waterborne pathogens (or the diseases they cause) include *giardia*, *cryptosporidium*, cholera, typhoid, *E.coli*, Hepatitis A, *legionella*, and MAC.

Payments in Lieu of Taxes (PILOT): Amounts which MWRA pays each fiscal year to cities and towns for land owned by the Commonwealth in the Quabbin, Ware River, Wachusett, and

Sudbury watersheds. Consistent with the provisions of MWRA's Enabling Act, these payments are based on the past commitments of the Commonwealth of Massachusetts.

Penalty Revenue: Revenue derived from penalties assessed by MWRA to violators of its sewer use regulations.

Performance Measure: An indicator of the work and/or service provided, defined by output, work or service quality, efficiency, effectiveness, or productivity.

Performance Objective: A statement of proposed accomplishments or attainments that is short-term in nature and measurable.

PICS (Process Instrumentation and Control System): PICS provides real-time operations data from systems throughout Deer Island (including system status, flow, etc.).

Plume: The rising discharge of treated wastewater effluent from a treatment plant outfall pipe.

Preliminary Treatment: The process of removing large solid objects, sticks, gravel, and grit from wastewater.

Pretreatment: The reduction or elimination of pollutant properties in wastewater prior to discharge into a sewer system.

Primacy: Primary enforcement authority for Federal Safe Drinking Water Act regulations delegated to a state by the Environmental Protection Agency (EPA).

Primary Treatment: A wastewater treatment process that takes place in a rectangular or circular tank and allows substances in wastewater that readily settle or float to be separated from the water being treated. Primary treatment results in 50-60% removal of suspended solids and 30-34% removal of BOD.

Program: An organized group of activities and the resources to carry them out aimed at achieving one or more related objectives.

Rate Revenue: Revenue received from annual assessments of communities within MWRA's service area for water and sewer services.

Rate Stabilization Reserve: A fund established by the Board of Directors that is used to reduce rate revenue requirements. MWRA finances this reserve with unexpended or surplus funds available from the Current Expense Budget at the end of each fiscal year.

RCM (Reliability Centered Maintenance): A maintenance strategy adopted at Deer Island in FY00 for critical systems. RCM is a failure modes and effects process that involves maintenance, operations and engineering staff in the development of preventative maintenance and operation plans for plant systems.

Relief Sewer: A sewer built to carry flows in excess of the capacity of an existing sewer.

RGGI: The Regional Greenhouse Gas Initiative is a mandatory, market-based program in the United States to reduce greenhouse gas emissions. The program involves selling emission allowances through auctions and investing the proceeds in demand-side management and clean energy technology projects.

Remote Headworks: The initial structures and devices of a treatment plant set apart by some distance from the plant site.

Renewal and Replacement Reserve: A fund established to adequately reserve for the cost of capital improvements not provided for by funds available through the Capital Improvement Program or the Current Expense Budget.

Residuals: The by-products of the wastewater treatment process, including scum (floatables), grit and screenings, primary sludge, and secondary sludge.

Revenue Bonds: Bonds payable from a specific source of revenue and which do not pledge the full faith and credit of the issuer.

RPS (Renewable Portfolio Standards): State policies which mandate a state to generate a percent of its electricity from renewable resources. Qualified renewable generation facilities for the MWRA include: the Steam Turbine Generator (STG) and a variety of Hydroelectric, Wind and Solar units. The MWRA is issued electronic certificates for each megawatt hour of electricity produced from the digester gas, which is considered renewable energy. RPS credits are a source of revenue for the MWRA.

Safe Yield Model: The equation used to determine the maximum dependable draft that can be made continuously on a water supply source during a period of years during which the probable driest period or period of greatest deficiency in water supply is likely to occur.

SAMS: Sewerage Analysis and Management System – A database which contains specifications of the location, size, and condition of MWRA wastewater interceptors and appurtenances and which produces maps for use by MWRA and outside parties.

Sanitary Sewers: In a separate system, pipes that carry only domestic wastewater.

SCADA: Supervisory Control and Data Acquisition - Equipment for monitoring and controlling water or wastewater facilities remotely.

SCBA: Self-contained breathing apparatus.

Screenings: Large items such as wood and rags that are collected from wastewater in coarse screens prior to primary treatment.

Scum: Floatable materials such as grease, oil, and plastics that are skimmed from the surface of wastewater as it flows through large settling tanks.

SDWA: Safe Drinking Water Act - A Federal law enacted in 1986 and amended in 1996 that requires EPA to establish national primary drinking water regulations for water suppliers which consist of MCLs or treatment techniques.

Secondary Treatment: Usually following primary treatment, secondary treatment employs microorganisms to reduce the level of BOD and suspended solids in wastewater.

Sedimentation Tanks: Settling tanks where solids are removed from sewage. Wastewater is pumped to the tanks where the solids settle to the bottom or float on the top as scum. The scum is skimmed off the top, and solids on the bottom are pumped out for further treatment and/or final disposal.

Seeding: The initial filling of sludge into digesters.

Sensitive user: A member of a group within the general population likely to be at greater risk than the general population of adverse health effects due to exposure to contaminants in drinking water. Sensitive users include infants, children, pregnant women, the elderly, and individuals with histories of serious illness.

Septic Tanks: Tanks used for domestic wastes when a sewer line is not available to carry them to a treatment plant. Periodically, the septage is pumped out of the tanks, usually by commercial firms, and released into a wastewater treatment system.

Shotcrete: Mortar or concrete conveyed through a hose and projected at high velocity onto a surface; also known as air-blown mortar, pneumatically applied sprayed mortar, or gunned concrete.

Siphon: A closed conduit, a portion of which lies above the hydraulic grade line, resulting in a pressure less than atmospheric and requiring a vacuum within the conduit to start flow. A siphon utilizes atmospheric pressure to effect or increase the flow of water through the conduit.

Slip Lining: Insertion by pushing or pulling of lines fabricated of plastic, concrete cylinder pipe, reinforced concrete, or steel through existing conduits from access pits.

Sludge: Material removed by sedimentation during primary and secondary treatment. Sludge includes both settled particulate matter and microorganisms and is the single largest component of wastewater residuals. At the time sludge is removed during the treatment process, it contains only 0.5% to 5% solid content by weight. It has the appearance of muddy water.

Sodium Hypochlorite (NaOCl): A liquid form of chlorine that MWRA uses in the disinfection and/or odor processes at the Deer Island Treatment Plant, various other Wastewater facilities, and the Carroll Water Treatment Plant (CWTP).

Storm Sewers: Separate systems of pipes that carry only water runoffs from roofs, streets, and parking lots during storms.

Surcharging: Loads on a system beyond those normally anticipated; also, the height of wastewater in a sewer manhole above the crown of the sewer when the sewer is flowing completely full.

Suspended Solids: The particulate matter contained in wastewater.

SWTR: Surface Water Treatment Rule – A Federal rule promulgated in 1989 that affects all utilities using surface waters or waters under the influence of surface waters. SWTR requires filtration unless certain criteria on source water quality, watershed control, and disinfection effectiveness can be met (see also ESWTR).

Telemetry: Remote measuring or monitoring devices connected to a central monitoring station via telephone lines.

TCR: Total Coliform Rule – A federal rule that requires monitoring of water distribution systems for coliform bacteria and chlorine residual. No more than 5% of the coliform samples in a month can be positive.

TOC: Total Organic Carbon - A measure of the amount of organic material in water. Often used as a surrogate for disinfectant demand or DBP precursors.

Transition: A short section of conduit used as a conversion section to unite two conduits having different hydraulic elements.

TTHM: Total Trihalomethanes - A class of disinfection by-products, related to primarily chlorine disinfection (see D/DBP Rule).

TRAC: Toxic Reduction and Control – The department responsible for MWRA's industrial pretreatment program.

TSS (Total Suspended Solids): A measure of the settleable solids and non-settleable solids in wastewater. During the primary treatment process, flows are routed to primary treatment clarifiers that remove about half of the pollutants brought to the plant in typical wastewater (50-60% of total suspended solids and up to 50% of pathogens and toxic contaminants are removed).

Ultraviolet (UV) Treatment: Ultraviolet light is an effective method of disinfection in drinking and wastewater applications. UV light damages the DNA of microbes, and is particularly effective against cryptosporidium. Federal regulations require two primary disinfectants for unfiltered water systems. The Carroll Water Treatment Plant added UV as a second disinfectant (in addition to ozonation) in February 2014 and will add at the Quabbin Disinfection Facility in Ware by October 2014.

United States Geological Survey (USGS): The federal agency that collects Geographic Information System (GIS) data for developing mapping protocols.

Vector Jet Truck: A vehicle used to clean and/or remove blockages from sewer lines by pushing and/or pulling fluids in the sewer.

VMM: Vehicle Management and Maintenance – The program responsible for management and maintenance of MWRA’s vehicles and heavy equipment.

WASM (Weston Aqueduct Supply Mains): Project involving the rehabilitation of the four Weston Aqueduct Supply Mains that carry potable water to MWRA’s service area. When complete, they will transmit about one-third of the water to MWRA’s service area and the City tunnel will carry the remaining two-thirds.

Wastewater: The water carried by sewers serving residences and businesses that enters wastewater facilities for treatment. Wastewater is any water that has been adversely affected in quality by anthropogenic influence. It comprises liquid waste discharged by domestic residences, commercial properties, and/or agricultural and can encompass a wide range of potential contaminants and concentrations.

Wastewater Treatment Plant (WTP): A facility containing a series of tanks, screens, filters, and other equipment and processes for removing pollutants from wastewater.

Watershed Reimbursement: An amount that MWRA pays to the Department of Conservation and Recreation (DCR) each fiscal year for maintaining and managing the primary sources of MWRA's water supply (watersheds) in accordance with the laws of the Commonwealth of Massachusetts. The amount of the reimbursement is determined by prevailing legislation.

Wholesale Water and Sewer Services: Potable water and wastewater collection, transport, delivery, and treatment services that MWRA provides to communities. Communities provide the same services directly to retail customers or end users.

WOCC: Western Operations Control Center, located at the Carroll Water Treatment Plant.

APPENDIX F
Proposed FY16 Current Expense Budget - Capital Financing Detail (as of 12/31/2014)

| | Outstanding as of 12/31/14 | Total | Sewer | Water |
|--------------------------------|-------------------------------|-------------------|-------------------|-------------------|
| SRF¹ | | | | |
| Unrefunded (93A, 93D, 95A,98C) | \$ 2,375,000 | 4,004 | 4,004 | |
| 1999E Sewer | | 391,127 | 391,127 | - |
| 1999E Water | \$ 10,409,169 | 578,443 | - | 578,443 |
| 1999F | \$ 230,560,000 | 19,211,797 | 19,211,797 | - |
| 2000E Sewer | | 2,838,831 | 2,838,831 | - |
| 2000E Water | \$ 55,183,026 | 573,347 | - | 573,347 |
| 2001C Water | \$ 2,330,000 | 248,383 | - | 248,383 |
| 2001D Sewer | | 383,036 | 383,036 | - |
| 2001D Water | \$ 3,514,805 | 81,729 | - | 81,729 |
| 2002H Sewer | | 3,142,663 | 3,142,663 | - |
| 2002H Water | \$ 81,215,000 | 1,548,645 | - | 1,548,645 |
| 2002I Sewer | | 103,978 | 103,978 | - |
| 2002I Water | \$ 1,819,144 | 1,464 | - | 1,464 |
| 2003A | \$ 727,704 | 70,445 | - | 70,445 |
| 2003B | \$ 2,106,223 | 223,186 | - | 223,186 |
| 2003C Sewer | | 1,353,315 | 1,353,315 | - |
| 2003C Water | \$ 35,038,393 | 972,159 | - | 972,159 |
| 2004C Sewer | | 537,916 | 537,916 | - |
| 2004C Water | \$ 8,833,239 | 87,722 | - | 87,722 |
| 2004D Sewer | | 2,694,163 | 2,694,163 | - |
| 2004D Water | \$ 51,040,000 | 643,314 | - | 643,314 |
| 2005C Sewer | | 417,193 | 417,193 | - |
| 2005C Water | \$ 5,832,516 | 69,209 | - | 69,209 |
| 2005D Sewer | | 3,047,451 | 3,047,451 | - |
| 2005D Water | \$ 57,920,943 | 802,697 | - | 802,697 |
| 2005E Sewer | | 24,961 | 24,961 | - |
| 2005E Water | \$ 297,915 | 5,479 | - | 5,479 |
| 2006C Sewer | | 484,025 | 484,025 | - |
| 2006D Sewer | | 3,655,283 | 3,655,283 | - |
| 2006D Water | \$ 66,917,225 | 1,609,623 | - | 1,609,623 |
| 2006E Sewer | | 22,883 | 22,883 | - |
| 2006E Water | \$ 350,722 | 10,281 | - | 10,281 |
| 2007C Sewer | | 307,948 | 307,948 | - |
| 2007C Water | \$ 4,726,045 | 183,852 | - | 183,852 |
| 2007D Sewer | | 1,149,044 | 1,149,044 | - |
| 2007E Sewer | | 3,290,993 | 3,290,993 | - |
| 2007E Water | \$ 61,708,226 | 1,261,066 | - | 1,261,066 |
| 2008G Sewer | | 403,545 | 403,545 | - |
| 2008G Water | \$ 4,913,245 | 82,202 | - | 82,202 |
| 2009C Sewer | | 5,747,270 | 5,747,270 | - |
| 2009C Water | \$ 91,348,916 | 1,887,087 | - | 1,887,087 |
| 2009D Sewer | | 648,355 | 648,355 | - |
| 2009D Water | \$ 9,918,151 | 85,706 | - | 85,706 |
| 2010C Sewer | | | | |
| 2010C Water | \$ 33,035,745 | | | |
| 2010D Sewer | | 1,424,210 | 1,424,210 | - |
| 2010D Water | \$ 42,303,071 | 1,438,215 | - | 1,438,215 |
| 2011A Sewer | | 383,538 | 383,538 | - |
| 2011A Water | \$ 9,294,058 | 369,125 | - | 369,125 |
| 2012C Sewer | | 524,243 | 524,243 | - |
| 2012C Water | \$ 10,396,955 | 254,701 | - | 254,701 |
| 2012D Sewer | | 2,856,878 | 2,856,878 | - |
| 2012D Water | \$ 48,253,166 | 532,330 | - | 532,330 |
| 2013B Sewer | | 2,214,037 | 2,214,037 | - |
| 2013B Water | \$ 38,738,294 | 533,634 | - | 533,634 |
| 2014C Sewer | | 283,332 | 283,332 | - |
| 2014C Water | \$ 10,241,920 | 385,057 | - | 385,057 |
| 2015A Sewer | | 2,821,783 | 2,821,783 | - |
| 2015A Water | | 1,043,084 | - | 1,043,084 |
| Replacement Loan Sewer | | 384,892 | 384,892 | - |
| Replacement Loan Water | | 468,379 | - | 468,379 |
| Pool 19 Sewer | | 2,743,213 | 2,743,213 | - |
| Pool 19 Water | | 1,819,515 | - | 1,819,515 |
| Total SRF Debt | \$ 1,007,110,003 | 81,365,988 | 63,495,907 | 17,870,082 |

| APPENDIX F | | | | |
|------------------------------------------------------------------------------------|-------------------------------|--------------------|-----------------------|-----------------------|
| Proposed FY16 Current Expense Budget - Capital Financing Detail (as of 12/31/2014) | | | | |
| | Outstanding as of 12/31/14 | Total | Sewer | Water |
| MWRA Senior Debt | | | | |
| 1993C New/Refunding | \$ 10,065,000 | - | - | - |
| 2002J New | \$ 287,680,000 | 47,256,475 | 42,530,828 | 4,725,648 |
| 2002J Refunding | \$ 1,000,000 | 50,000 | 25,000 | 25,000 |
| 2004B Refunding | \$ - | - | - | - |
| 2005A Refunding | \$ 338,750,000 | 41,442,175 | 18,648,979 | 22,793,196 |
| 2005B Refunding | \$ 80,290,000 | 4,014,500 | 1,338,033 | 2,676,467 |
| 2006A New | \$ 62,320,000 | 2,492,800 | - | 2,492,800 |
| 2006B Refunding | \$ 175,465,000 | 9,336,300 | 7,002,225 | 2,334,075 |
| 2007A New | \$ 198,000,000 | 8,933,188 | 1,518,642 | 7,414,546 |
| 2007B Refunding | \$ 647,950,000 | 34,017,375 | 28,574,595 | 5,442,780 |
| 2009A New | \$ 64,240,000 | 3,212,000 | 2,409,000 | 803,000 |
| 2009B Refunding | \$ 271,030,000 | 17,101,794 | 12,313,292 | 4,788,502 |
| 2010A New | \$ 87,745,000 | 4,246,850 | 2,972,795 | 1,274,055 |
| 2010B Refunding | \$ 165,235,000 | 17,117,000 | 9,927,860 | 7,189,140 |
| 2011B New | \$ 140,140,000 | 9,548,625 | 6,684,038 | 2,864,588 |
| 2011C Refunding | \$ 327,160,000 | 16,064,275 | 6,265,067 | 9,799,208 |
| 2012A New | \$ 136,830,000 | 6,742,375 | 3,371,188 | 3,371,188 |
| 2012B Refunding | \$ 86,775,000 | 4,240,325 | 890,468 | 3,349,857 |
| 2013A Refunding | \$ 169,835,000 | 31,137,650 | 17,437,084 | 13,700,566 |
| 2014D New | \$ 73,105,000 | 4,731,500 | 3,217,420 | 1,514,080 |
| 2014E Refunding | \$ 28,245,000 | 7,872,250 | 6,888,219 | 984,031 |
| 2014F Refunding | \$ 142,555,000 | 6,453,950 | 2,000,725 | 4,453,226 |
| FY15 New Money (2015) | | 6,505,000 | 4,878,750 | 1,626,250 |
| FY16 New Money (2016) | | 1,800,000 | 1,350,000 | 450,000 |
| Potential Defeasance | | (902,750) | (626,235) | (276,515) |
| Total Senior | \$ 3,494,415,000 | 283,413,656 | \$ 179,617,970 | \$ 103,795,686 |
| Subordinate Debt | | | | |
| 1999B | \$ 58,600,000 | 1,904,500 | 1,142,700 | 761,800 |
| 2002C Refunding | \$ 35,120,000 | 1,141,400 | 380,429 | 760,971 |
| 2008A Refunding | \$ 285,725,000 | 11,148,237 | 9,810,448 | 1,337,788 |
| 2008C Refunding | \$ 109,820,000 | 9,257,471 | 8,887,172 | 370,299 |
| 2008E Refunding | \$ 133,640,000 | 8,324,436 | 7,658,481 | 665,955 |
| 2008F Refunding | \$ 50,000,000 | 1,625,000 | 146,250 | 1,478,750 |
| 2012E Refunding | \$ 62,830,000 | 3,456,975 | 725,965 | 2,731,010 |
| 2012F Refunding | \$ 60,300,000 | 3,374,750 | 708,698 | 2,666,053 |
| 2012G Refunding | \$ 52,580,000 | 5,260,135 | 5,049,730 | 210,405 |
| 2014A Refunding | \$ 50,000,000 | 1,625,000 | 146,250 | 1,478,750 |
| 2014B Refunding | \$ 64,755,000 | 2,104,538 | 189,408 | 1,915,129 |
| Potential Defeasance | | | | |
| Total Subordinate Debt | \$ 963,370,000 | 49,222,442 | \$ 34,845,531 | \$ 14,376,911 |
| Total SRF & MWRA Debt Service² | \$ 5,464,895,003 | 414,002,085 | \$ 277,959,408 | \$ 136,042,678 |
| Water Pipeline Commercial Paper | \$ 130,000,000 | 4,149,242 | - | 4,149,242 |
| Current Revenue/Capital ³ | | 11,200,000 | 11,200,000 | - |
| Capital Lease | | 3,217,060 | 1,955,246 | 1,261,814 |
| CORE Fund Deposit | | 6,663,030 | 5,039,124 | 1,623,907 |
| Sub-Total | \$ 130,000,000 | 25,229,332 | \$ 18,194,369 | \$ 7,034,963 |
| Total Capital Financing (before Debt Service Offsets) | \$ 5,594,895,003 | 439,231,418 | \$ 296,153,777 | \$ 143,077,642 |
| Debt Service Offsets | | | | |
| Debt Service Assistance | | - | \$ - | \$ - |
| Bond Redemption | | (3,546,984) | - | (3,546,984) |
| Total Debt Service Offsets | | (3,546,984) | - | (3,546,984) |
| Total Capital Financing | \$ 5,594,895,003 | 435,684,434 | \$ 296,153,777 | \$ 139,530,658 |

¹ SRF debt service payments reflect net MWRA obligations after state and federal subsidies.

² Numbers may not add due to rounding.

³ Current Revenue/Capital is revenue used to fund ongoing capital projects.