

MASSACHUSETTS WATER RESOURCES AUTHORITY



Fiscal Year 2019 PROPOSED CURRENT EXPENSE BUDGET

BOARD OF DIRECTORS

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MASSACHUSETTS WATER RESOURCES AUTHORITY

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Louis M. Taverna, Chairman
MWRA Advisory Board
100 First Avenue
Boston, MA 02129

April 2018

Dear Chairman Taverna:

At its February 21, 2018 meeting, the MWRA Board of Directors voted to transmit the FY19 Proposed Current Expense Budget to the Advisory Board for its review and comment.

The FY19 Proposed Budget recommends a combined assessment increase of 3.9% in-line with the Advisory Board challenge to keep the assessment increases below 4%. MWRA was able to meet this challenge due to our continuing practice of targeted debt defeasance for the most challenging out-years and managing both direct and indirect expenses. The FY19 Proposed Budget reflects the benefits of a planned \$25.9 million defeasance in FY18 with targeted savings primarily during FY20-22. Besides the planned defeasances, the Authority is continuing to address the significant Pension and Other Post-Employment Benefits (OPEB) obligations.

Total expenses are \$773.2 million, a \$29.6 million or 4.0% increase over the FY18 Budget. Capital financing costs, at \$489.2 million, remain the largest portion of the budget, representing 63.3% of the total expenses. Operating expenses are \$284.0 million, of which \$238.6 million is for direct expenses and \$45.4 million is for indirect expenses.

MWRA continues to employ a multi-year rates management strategy to promote sustainable and predictable assessment increases. As such, the assessment increases for FY20-23 are also estimated to be below 4%, despite the increased cost of the new cross-harbor cable for Deer Island.

To ensure that the MWRA's long-term goals will continue to be met in future years, it is imperative to continue the conservative fiscally responsible budgeting practices while addressing all outstanding long-term liabilities.

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 Advisory Board members and staff during your review of the FY19 Proposed Current Expense Budget. Thank you for your continued support and recommendations.

Sincerely,

Frederick A. Laskey
Executive Director

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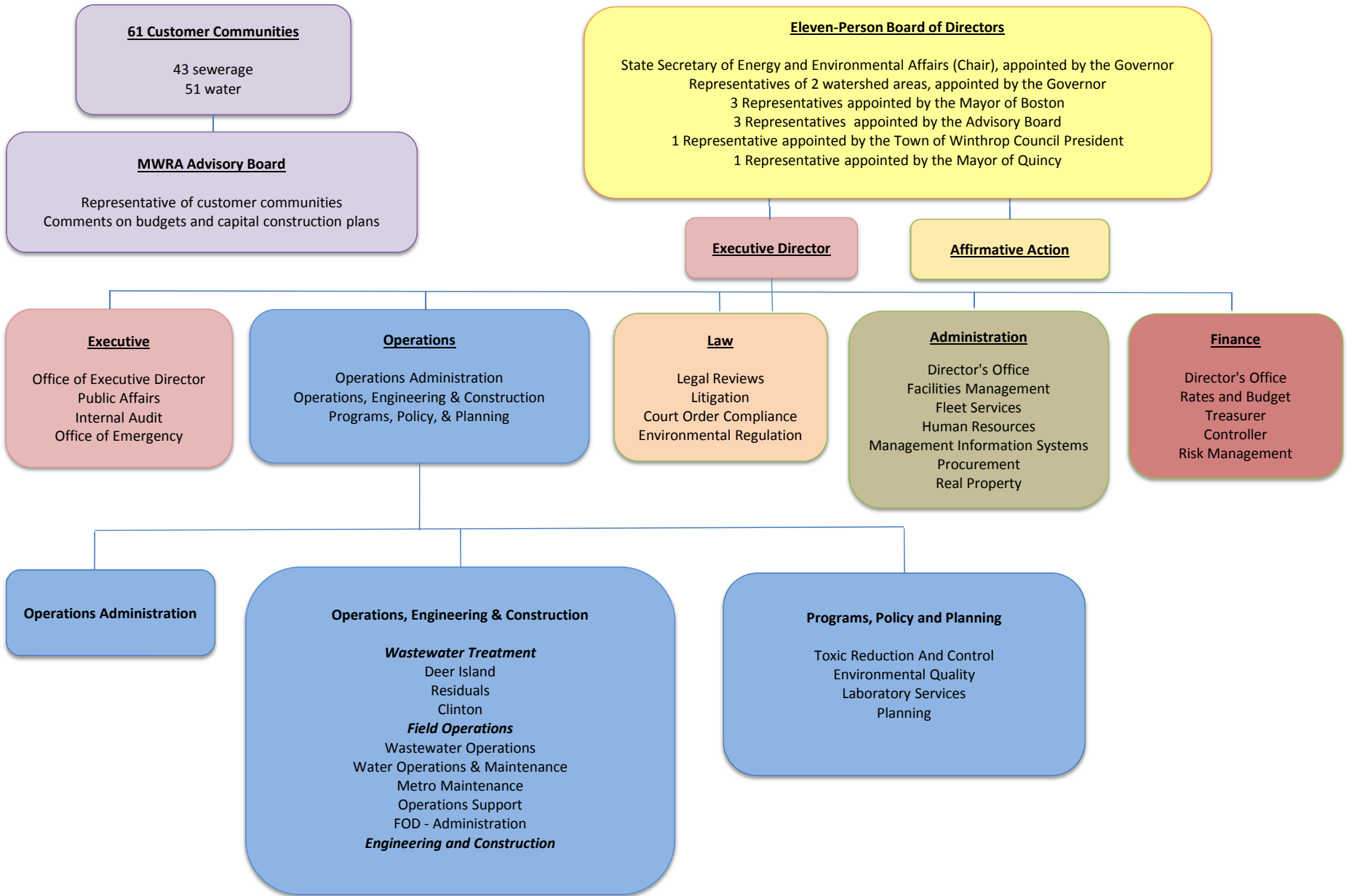
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MWRA Organizational Chart



MWRA AT A GLANCE

Purpose

Provide wholesale water and sewer services to customer communities, funded primarily through rates and charges

Legal Status

Massachusetts public authority established by an enabling act in 1984 – Chapter 372 of the Acts of 1984 as most recently amended January 2017

Management

- 11-member Board of Directors (3 Governor appointees, 3 Mayor of Boston appointees, 1 City of Quincy appointee, 1 Town of Winthrop appointee, and 3 Advisory Board appointees)
- 1 Executive Director (5 divisions: Office of the Executive Director, Operations, Finance, Administration, Law)

Advisory Board

Established by the enabling act to make recommendations to the MWRA on the MWRA budget and programs and to serve as liaison to the customer communities

Service Area

- 61 customer communities (43 sewerage, 51 water)
- 3.0 million people (44% of MA population)
- 5,500 businesses

FY18 Operating Budget (\$ in millions)

Direct Expenses	\$232.6
Indirect Expenses	\$38.9
<u>Capital Finance</u>	<u>\$472.2</u>
Total Operating Budget	\$743.6
Revenues*	\$743.6

*96.4% of Revenues raised from rate assessments

Bond Ratings - General Revenue Bonds (senior/subordinate)

Moody's -	Aa1/Aa2
S&P -	AA+/AA
Fitch -	AA+/AA

Capital Improvement Program

- Total CIP spending: \$8.3 billion since 1984
- Total Current Indebtedness \$5.2 billion
- FY18 CIP Budget: \$174.9 million

Water System

- 2 protected reservoirs
 - Quabbin
 - Wachusett
- 2 water treatment facilities
 - John J. Carroll
 - William A. Brutsch
- 350 miles of distribution infrastructure including aqueducts, deep rock tunnels, and pipeline
- 12 active storage reservoirs and standpipes
- 11 active pumping stations
- Average Daily flow: 200 mgd
- Safe yield: 300 mgd
- Treatment Capacity: 405 mgd
- Percentage of capacity utilized: 67%*
**based on safe yield*

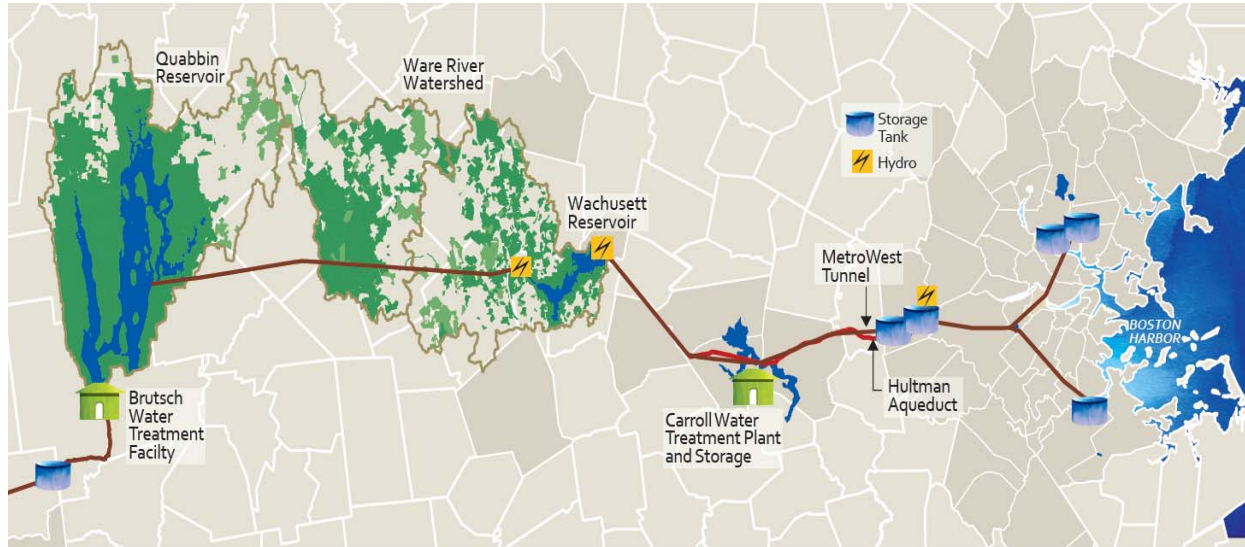
Wastewater System

- 240 miles of sewer pipelines and cross-harbor tunnels
- 11 pump stations
- 1 screening facility
- 4 CSO treatment/storage facilities
- 2 wastewater treatment plants
 - Deer Island Treatment Plant
 - Clinton Advanced Wastewater Treatment Plant
- 5 remote headworks
- 1 Pellet Plant for residuals processing
- Average daily flow: 365 mgd
- Peak wet weather capacity: 1,270 mgd
- Percentage of capacity utilized on average: 30%

Renewable Energy

28% of MWRA's energy requirement was self-generated from renewable sources (biomass, hydro, wind, & solar assets) in FY17.

MWRA AT A GLANCE



MWRA's water comes from the Quabbin Reservoir, 65 miles west of Boston, and the Wachusett Reservoir, 35 miles west of Boston. The Quabbin alone holds a 4-year supply of water.

The reservoirs are filled naturally. Rain and snow fall onto watersheds (protected land around the reservoirs) and eventually turn into streams that flow into the reservoirs. This water comes into contact with soil, rock, plants and other material as it follows its path. This process helps to clean the water.

The Quabbin and Wachusett Reservoirs are protected. Over 85% of the watershed lands that surround the reservoirs are covered in forest and wetlands. About 75% of the total watershed land cannot be built on. The natural undeveloped watersheds help to keep MWRA water clean and clear. Because they are well-protected, the water in the Quabbin and Wachusett Reservoirs is of very high quality. The MWRA has won numerous awards for quality, taste, and sustainability.

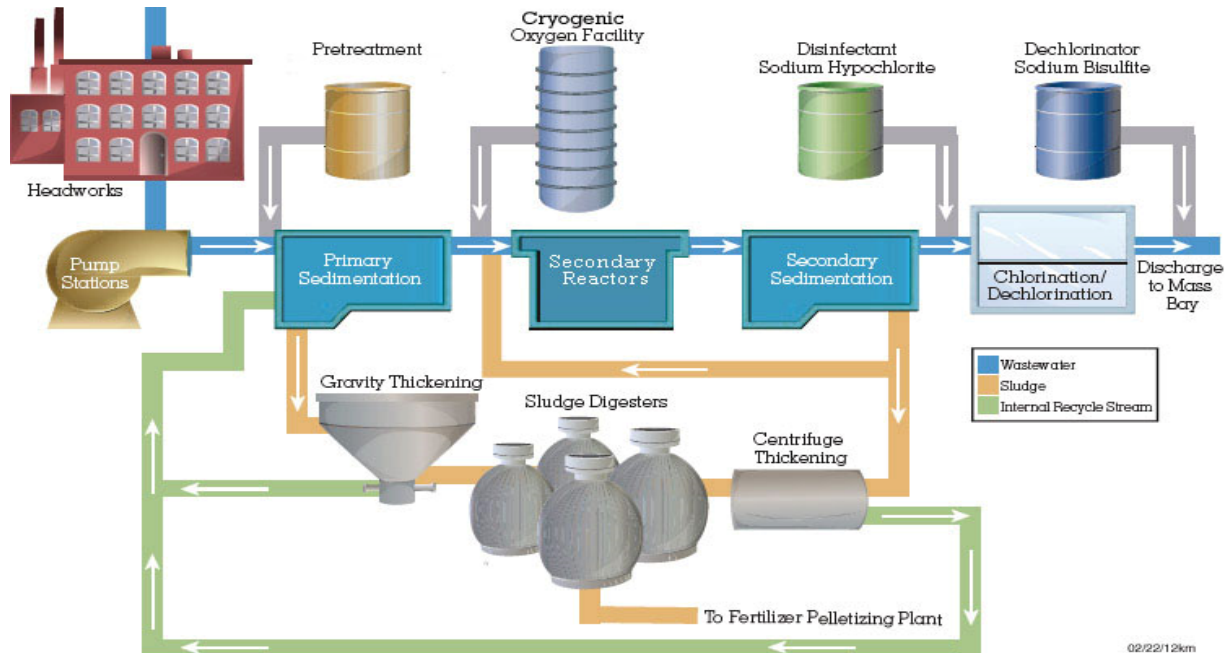
Water for most MWRA communities is treated at the Carroll Water Treatment Plant in Marlborough, Massachusetts. Water from the Quabbin and Wachusett Reservoirs enters the plant through the Cosgrove or Wachusett Aqueduct. The treated water leaves the plant through the MetroWest Water Supply Tunnel and the Hultman Aqueduct. Water from the Quabbin Reservoir for Chicopee, South Hadley Fire District #1 and Wilbraham is treated at the Brutsch Water Treatment Facility in Ware, Massachusetts, and leaves the plant through the Chicopee Valley Aqueduct.

For MetroWest and Metro Boston communities, treated water is sent through the MetroWest Water Supply Tunnel and the Hultman Aqueduct and is stored in covered tanks. From there it is drawn into distribution mains and many smaller community pipes. For Chicopee Valley Area Communities, treated water is sent through the Chicopee Valley Aqueduct to the local distribution mains and smaller community pipes. Water meters log the water entering each community.

Local pipes serve each street in the customer communities and eventually carry water into buildings. Meters installed by the local communities measure the amount of water delivered to each home or business.

To maintain and measure water quality, MWRA tests over 1,600 water samples per month, from the reservoirs all the way to household taps.

MWRA AT A GLANCE – Wastewater System



Water is flushed through a building's pipes into customer community sewers. These 5,100 miles of local sewers transport the wastewater into 227 miles of MWRA interceptor sewers. The interceptor sewers, ranging from 8 inches to 11 feet in diameter, carry the region's wastewater to two MWRA treatment plants. Most communities' wastewater flows to the Deer Island Treatment Plant with the Clinton Wastewater Treatment Plant serving the town of Clinton and the Lancaster Sewer District.

The following describes the Deer Island treatment process:

Collection and Pumping: Sewage is piped to headworks where bricks, logs and other large objects are screened out. Pumps draw the screened sewage through deep-rock tunnels under Boston Harbor to Deer Island.

Preliminary Treatment: Mud and sand settle in a tank called a grit chamber. This material, known as grit and screenings, is taken to a landfill for environmentally safe disposal.

Primary Treatment: The sewage then flows to primary settling tanks where up to 60% of the solids in the waste stream settle out as a mixture of sludge and water.

Secondary Treatment: Plant oxygen is added to the wastewater to speed up the growth of microorganisms. These microbes then consume the wastes and settle to the bottom of the secondary settling tanks. After secondary treatment, 80-90% of human waste and other solids have been removed.

The treated wastewater is disinfected before it is discharged to the Massachusetts Bay. The treated wastewater, known as effluent, travels through a 9.5-mile Outfall Tunnel bored through solid rock more than 250 feet below the ocean floor. The tunnel's last mile and a quarter include 55 separate release points known as "diffusers." With water depths up to 120 feet, this outfall provides a much higher rate of mixing and/or dilution than possible with discharges into the shallow waters of Boston Harbor.

Sludge from primary and secondary treatment is processed further in sludge digesters, where it is mixed and heated to reduce its volume and kill disease-causing bacteria. It is then transported through the Inter-Island Tunnel to the pelletizing plant in Quincy, Massachusetts where it is dewatered, heat-dried and converted to a pellet fertilizer for use in agriculture, forestry and land reclamation.

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Executive Summary

Executive Summary

MISSION

The Massachusetts Water Resources Authority (MWRA) is an independent public authority of the Commonwealth of Massachusetts 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.

HISTORY

Created by the Massachusetts legislature in 1985 (Chapter 372 of the Acts of 1984), MWRA assumed possession and control of the water and sewer systems, including facilities, properties, and the right to utilize water withdrawn from system reservoirs that had formerly been the Sewerage and Waterworks Divisions of the Commonwealth of Massachusetts Metropolitan District Commission (MDC). 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 maintenance of which are included in MWRA's operating budget.

In 1985, responsibility for water distribution for 46 municipalities and sewage collection and treatment for 43 municipalities was transferred to the MWRA. In 1987, the legislature also transferred responsibility to operate and maintain the Clinton Wastewater Treatment Plant from the Commonwealth to the MWRA. New communities have the opportunity to join the MWRA water and sewer systems, and, over the years, the number of member communities has increased. Since 1985, the MWRA has invested over \$8.2 billion to modernize and improve the wastewater and waterworks systems serving its 61 member communities. MWRA's facilities span from the Quabbin Reservoir in western Massachusetts to the Deer Island Treatment Plant in Boston Harbor. In Fiscal Year 2018, the system serves approximately 3.0 million people and more than 5,500 businesses.

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.

MWRA ORGANIZATION

The MWRA has five 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 immediately preceding this page.

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 Division** is responsible for managing the support services functions of the Authority. The Administration is comprised of seven departments: Director's Office; Facilities; Fleet Services; Human Resources; Management Information Systems (MIS); Procurement; and Real Property and Environmental Management. The Administration 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 **Finance Division** is responsible for managing the finance functions of the Authority. Finance Division is comprised of five departments: Director's Office; Rates and Budget; Treasury; Controller; and Risk Management. The 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.

GOALS AND PERFORMANCE MEASURES

The MWRA Business Plan was first implemented in 1997 as a strategic road map to present specific steps for the organization to undertake to improve customer service, upgrade operations and maintenance and pursue aggressive rates management. In 2000, MWRA adopted a five-year Strategic Business Plan. Since then, some of the goals have been completed, and new ones have been added. MWRA's five-year Strategic Business Plan FY2016-2020 emphasizes improvements in service and systems and includes performance targets for operating the water and wastewater systems and maintaining new and existing facilities. MWRA's Water System Master Plan and Wastewater System Master Plan present to long-term vision of the capital development needs of the water and wastewater systems and the actions planned to meet those needs. Parallel to MWRA's goal of carrying out its operating programs and capital projects is its goal of providing sustainable, predictable and reasonable assessments to its customer communities. To that end, the MWRA applies a multi-year rates management strategy to provide sustainable and

predictable assessment increases to its member communities. The need to achieve and maintain a balance between these two goals is a critical issue in the development of both MWRA's operating and capital budgets.

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 both the operating and capital budgets and provides summary explanations of the variances at the line item level. At least twice a year staff prepares projections for the fiscal year-end with a similar level of explanations. The performance indicator reports (published by MWRA as the Orange and Yellow Notebooks) capture a variety of parameters regarding performance of each major functional area of the Authority, on a monthly and quarterly basis.

BUDGET PROCESS OVERVIEW

Each year, MWRA prepares a Current Expense Budget (CEB) that reflects the best available information for anticipated expenditures and revenues. In parallel, MWRA prepares a Capital Improvement Program (CIP) Budget.

The MWRA operates on a fiscal year that runs from July 1 through June 30. The budget process for both budgets begins in the fall with formal kick-off meetings in September where MWRA staff are given guidelines and targets for their budget requests. After review by the Budget Department and MWRA senior staff, a Proposed CIP Budget is presented to the Board of Directors in December. The Capital Financing portion of the Current Expense Budget is determined based on the CIP Budget. In February, after further review with MWRA senior staff, the Budget Department presents the Proposed CEB to the Board of Directors, after which the Proposed CEB is then transmitted to the Advisory Board, with the anticipated assessment increase Authority-wide and for each customer community. The Advisory Board then has sixty days to review, comment, and provide recommendations on both budgets. MWRA also hosts a public hearing to solicit comments on the budgets and community assessments from citizens in its service area. In May, the Advisory Board transmits its comments to the MWRA to which written response are provided.

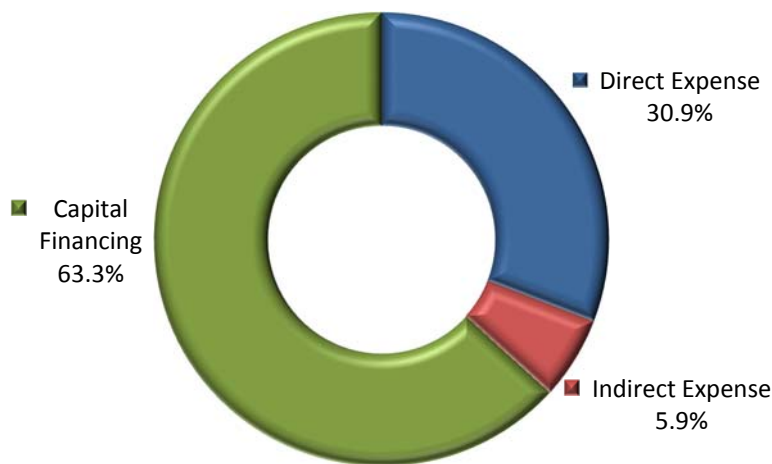
At its May meeting, MWRA's Board of Directors holds hearings on the budget to review recommendations by the Advisory Board and new information available since the budget was developed. Staff incorporates Board decisions from the hearings and presents a final budget and final assessments for approval at the June Board of Directors meeting.

PROPOSED FY19 BUDGET SUMMARY

Total Expenses in the Proposed FY19 Current Expense Budget (Budget) are \$773.2 million, an increase of \$29.6 million or 4.0% over the FY18 Budget. There are no offsets from Debt Service Assistance (DSA) assumed for FY20 or in any future years.

Total expenses include \$489.2 million for Capital Financing costs and \$284.0 million for operating expenses, of which \$238.6 million is for Direct Expenses and \$45.4 million is for Indirect Expenses. Total expenses increased mainly due to higher Capital Financing costs of \$17.0 million, higher Direct Expenses of \$6.0 million due to higher chemical costs including three months of cost associated with enterococcus removal, higher healthcare costs, and higher expenses for replacing desktop computers. Indirect Expenses increased by \$6.6 million due to higher required pension contribution, higher Watershed Management operating expenses, higher OPEB contribution, higher additions to reserves, and higher operations and maintenance costs for the cross-harbor electrical cable.

Proposed FY19 Budget



MWRA continues to pursue a rate management strategy which promotes sustainable and predictable assessments. The Proposed FY19 Budget has a combined utilities assessment increase of 3.91% with Rate Revenues totaling \$745.1 million. Rate Revenues account for 96.4% of projected FY19 revenues.

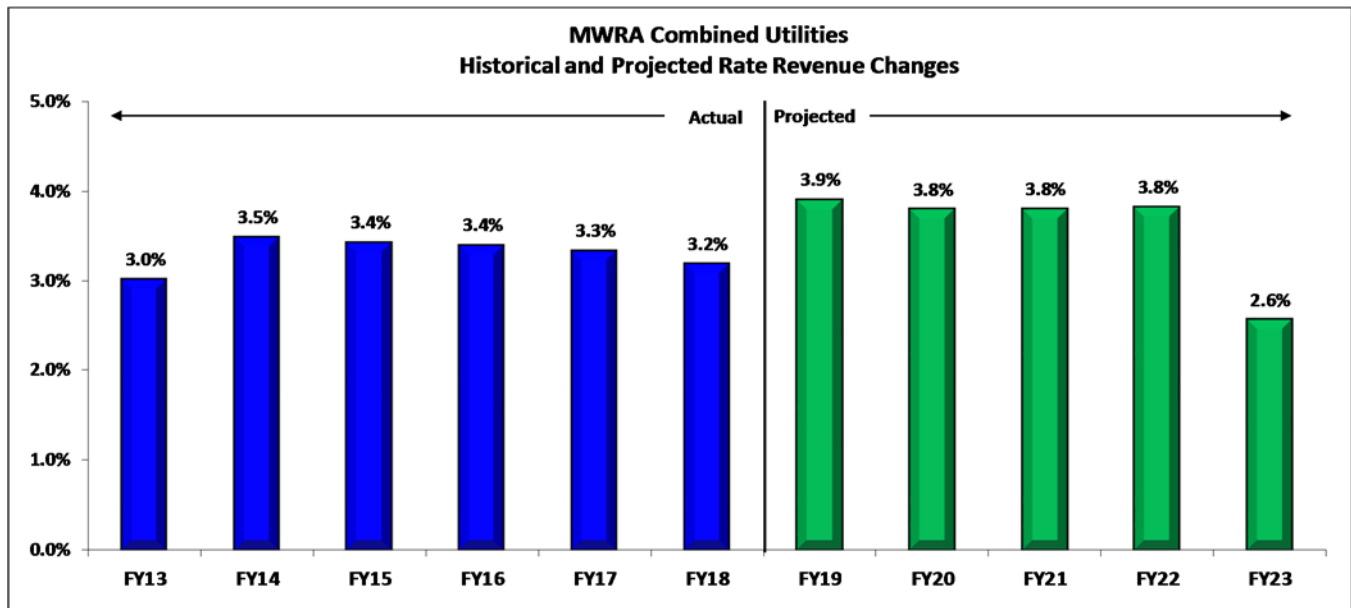
Measures taken by the Authority to achieve the 3.91% rate increase include:

- Continued practice of targeted defeasances;
- Budgeted 1,150 Full-Time Equivalent (FTE's) positions, plus 5 FTE's for supporting the water redundancy program;
- Budgeted a \$12.5 million Debt Prepayment;
- Direct Expenses increased 2.6% versus FY18 budget;
- Capital Financing increased 3.6% versus FY18 budget.

The table on the next page shows MWRA's Proposed FY19 Budget for revenue and expenses compared with the FY18 Budget and FY17 Actuals. Changes from FY18 to FY19 are described in the Revenue and Expense section of the Executive Summary.

TOTAL MWRA	FY17 Actuals	FY18 Approved Budget	FY19 Proposed Budget	Change	
				FY19 Proposed Budget vs FY18 Approved Budget	
				\$	%
EXPENSES					
WAGES AND SALARIES	\$ 98,494,291	\$ 104,286,370	\$ 107,118,716	\$ 2,832,346	2.7%
OVERTIME	4,951,621	4,110,637	4,247,554	136,917	3.3%
FRINGE BENEFITS	19,623,635	20,997,975	21,774,617	776,642	3.7%
WORKERS' COMPENSATION	2,565,336	2,322,980	2,322,609	(371)	0.0%
CHEMICALS	9,262,849	9,836,933	10,855,856	1,018,923	10.4%
ENERGY AND UTILITIES	20,249,594	21,735,222	22,041,919	306,697	1.4%
MAINTENANCE	30,798,709	32,200,786	31,637,582	(563,204)	-1.7%
TRAINING AND MEETINGS	360,115	406,269	455,770	49,501	12.2%
PROFESSIONAL SERVICES	6,698,861	7,221,622	7,617,117	395,495	5.5%
OTHER MATERIALS	5,851,449	6,692,659	7,381,098	688,439	10.3%
OTHER SERVICES	21,865,445	22,764,526	23,150,693	386,167	1.7%
TOTAL DIRECT EXPENSES	\$ 220,721,905	\$ 232,575,979	\$ 238,603,532	\$ 6,027,553	2.6%
INSURANCE	\$ 1,739,542	\$ 2,013,452	\$ 2,099,064	85,612	4.3%
WATERSHED/PILOT	23,911,694	25,164,006	25,906,427	742,421	3.0%
HEEC PAYMENT	789,258	957,445	1,386,832	429,387	44.8%
MITIGATION	1,542,800	1,596,950	1,614,262	17,312	1.1%
ADDITIONS TO RESERVES	(167,742)	821,116	1,732,193	911,077	111.0%
RETIREMENT FUND	4,632,624	3,277,369	7,110,663	3,833,294	117.0%
ADDITIONAL PENSION DEPOSIT	-	-	-	-	
POST EMPLOYMENT BENEFITS	4,876,050	5,035,422	5,574,152	538,730	10.7%
TOTAL INDIRECT EXPENSES	\$ 37,324,226	\$ 38,865,760	\$ 45,423,594	\$ 6,557,834	16.9%
STATE REVOLVING FUND	\$ 80,459,851	\$ 84,931,906	\$ 89,380,358	4,448,452	5.2%
SENIOR DEBT	287,931,637	264,560,267	273,126,129	8,565,862	3.2%
SUBORDINATE DEBT	69,997,992	85,443,447	92,032,294	6,588,847	7.7%
LOCAL WATER PIPELINE CP	858,685	3,794,944	4,750,393	955,449	25.2%
CURRENT REVENUE/CAPITAL	3,217,060	13,200,000	14,200,000	1,000,000	7.6%
CAPITAL LEASE	12,200,000	3,217,060	3,217,060	-	0.0%
DEBT PREPAYMENT	10,994,960	10,900,000	12,500,000	1,600,000	14.7%
BOND REDEMPTION	-	-	-	-	
VARIABLE RATE SAVINGS	(11,027,773)	-	-	-	
DEBT SERVICE ASSISTANCE	(1,265,384)	(391,580)	-	391,580	-100.0%
HEEC CABLE CAPACITY RESERVE FUND	-	6,532,146	-	(6,532,146)	
TOTAL CAPITAL FINANCING	\$ 453,367,028	\$ 472,188,190	\$ 489,206,234	\$ 17,018,044	3.6%
TOTAL EXPENSES	\$ 711,413,158	\$ 743,629,929	\$ 773,233,360	\$ 29,603,431	4.0%
REVENUE & INCOME					
RATE REVENUE	\$ 694,878,500	\$ 717,054,000	\$ 745,080,300	28,026,300	3.91%
OTHER USER CHARGES	8,809,434	9,011,070	9,469,933	458,863	5.1%
OTHER REVENUE	13,087,910	7,359,078	6,225,719	(1,133,359)	-15.4%
RATE STABILIZATION	-	-	-	-	
INVESTMENT INCOME	9,758,480	10,205,781	12,457,408	2,251,627	22.1%
TOTAL REVENUE & INCOME	\$ 726,534,324	\$ 743,629,929	\$ 773,233,360	\$ 29,603,431	4.0%

The graph below represents historical and projected assessment changes based on the Proposed FY19 Budget. The planning estimates project assessment increases at 3.8% from FY20 through FY22, the most challenging year facing the Authority. Rates at the combined utilities level are projected to increase at a slower pace beginning in FY23.



The Proposed FY19 Budget revenues, excluding rate revenue, total \$28.2 million, an increase of \$1.6 million or 5.9% above the FY18 budget. The Proposed FY19 Budget non-rate revenue budget includes \$15.7 million in Other User Charges and Other Revenue and \$12.5 million for Investment Income.

FY19 GOALS AND MAJOR INITIATIVES

Ensuring a safe and reliable source of drinking water to MWRA customers, and wastewater discharges that meet all applicable regulations drives both capital and current expense budget costs. The MWRA has identified Authority-wide major initiatives to support the five strategic priorities integral to MWRA’s mission that were identified for action in MWRA’s Five-Year Strategic Business Plan FY2016-2020. At the Division and Department-level, additional and more specific goals and initiatives are identified.

I. Drinking Water Quality and System Performance

- Begin Metro Tunnels Redundancy project to ensure delivery of reliable and cost-effective water services to customer communities.
- Continue to support core operations to ensure compliance with regulatory requirements.

II. Wastewater Management and System Performance

- Implement new National Pollutant Discharge Elimination System (NPDES) Permits for the Clinton Wastewater Treatment Plant.

- Continue to meet or surpass environmental compliance standards for the Deer Island Treatment Plant as required by the National Pollutant Discharge Elimination System (NPDES) permit and air quality permits.

III. Infrastructure Management and Resilience

- Continue to invest in asset protection to ensure adequate availability of equipment and facilities to support core operations.
- Continue to prepare for severe weather and other critical events that could affect the water and wastewater delivery systems.

IV. Finance and Management

- Continue to plan and develop long-term strategies to ensure sustainable and predictable assessments to MWRA communities at the combined and the utility level.
- Secure favorable financing terms to support both the capital and current expense budgets and preserve the Authority's credit rating.
- Invest in cyber security protection.
- Continue to focus on succession planning with emphasis on training for current employees.

V. Environmental Sustainability

- 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.
- Continue to identify, assess, and implement initiatives to reduce energy demand and increase energy self-generation in MWRA's system.
- Enter into a new Memorandum of Understanding with Eversource for payment of energy reduction incentives.
- Pursue grant-funding and cost-sharing arrangements to defray costs of implementing new energy reduction and energy self-generation projects.
- Continue to monitor climate change, research and move forward with plans to reduce impacts of sea level rise and storm surge events on MWRA infrastructure.

FY18 MID-YEAR ACCOMPLISHMENTS

I. Drinking Water Quality and System Performance

- Met all water quality and treatment standards in the drinking water system during the first half of FY18, and maintained maximum turbidity results at Quabbin and Wachusett Reservoirs within MassDEP standards.
- Contaminant Monitoring System – Rolled out use of the Mobile Water Quality Trailer and made progress on upgrading two sites (John J. Carroll Water Treatment Plant raw tap and Shaft 9A).
- Distributed \$16.7 million in interest-free loans to member water communities including \$1.5 million for lead service line replacement.

II. Wastewater Management and System Performance

- During the first six months of FY18, the Department of Laboratory Services performed 138,000 tests (including data entry of field tests) including the Massachusetts Bay water column testing for the Harbor and Outfall Monitoring program.
- The Environmental Quality Department 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 7 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.
- Distributed \$18.4 million in grants and interest-free loans to member communities to rehabilitate their wastewater collection systems with the goal of structurally reducing infiltration and inflow.

III. Infrastructure Management and Resilience

- Procured and implemented HVAC insulation replacement in the pump and blower area at the Nut Island Headworks in the aftermath of the January 2016 fire in the lower part of the facility.
- Expanded MWRA's primary security system and participated in the planning and execution of a week-long cyber security table top drill for management and senior staff defending critical infrastructure.

IV. Finance and Management

- Executed a \$9.6 million defeasance of outstanding senior principal in October 2017. This defeasance reduced the debt service requirement between FY19 and FY21 by a total of \$10.6 million reducing the rate of increase to the Rate Revenue Requirement in those years.
- Procured direct purchase agreements to replace the 2008 Series F and 2012 Series F bonds. \$50.6 million in Multimodal Subordinated General Revenue Refunding Bonds were awarded to TD Bank N.A. and \$50.0 million to U.S. Bank N.A.

V. Environmental Sustainability

- Received a total of \$600,000 in revenue for energy generated at numerous facilities including the following: hydroelectric \$290,000 from Oakdale Station, \$77,000 from Cosgrove Station, and \$9,000 from the Loring Road Pump Station; wind of \$162,000 from Charlestown Pump Station; and solar of \$59,000 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, non-rate revenue from the sale of Renewable Portfolio Standards Program (RPS) credits, and receipt of utility rebates for CEB-funded efficiency projects resulted in \$1.9 million in revenue for the first six months of FY18. MWRA also avoided approximately \$600,000 in capacity charges through operation of self-generation assets during peak load events as called by the regional transmission organization (ISO New England).
- Deer Island generated 28.5% of the Plant's total requirement during the first six months of FY18.
- Operate new phosphorus treatment system and natural gas lines at the Clinton Wastewater Treatment Plant; both are in their first year of operation.

SOURCES AND USES OF FUNDS

Funds supporting the Current Expense Budget are not subject to appropriation with the exception of State debt service assistance. The table to the right shows MWRA's sources and uses of funds for the Proposed FY19 Budget.

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 Proposed FY19 Budget, 96.4% of revenue is raised from rate revenue. The remaining 3.6% of revenue will come from interest on investments, charges to other water and sewer customers (including Chicopee Valley Aqueduct (CVA) communities), non-recurring revenue,

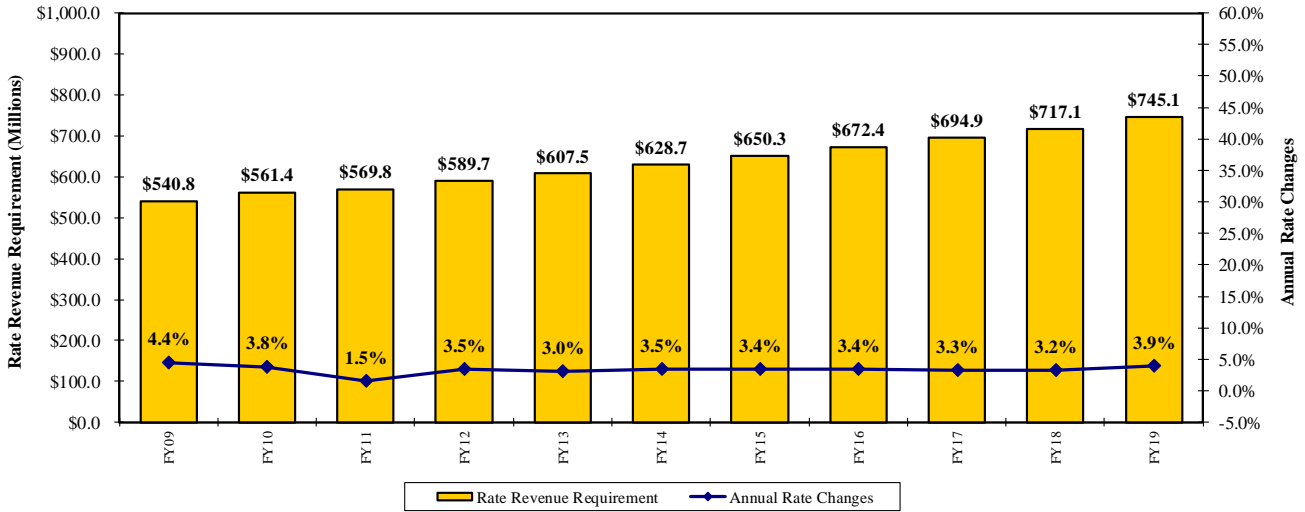
annual charges to sewer system users with permits issued by MWRA's Toxic Reduction and Control Department (TRAC), penalties assessed to holders of sewer use permits, and other miscellaneous sources.

Rate Revenue

Under the Proposed FY19 Budget, the MWRA will raise \$745.1 million of its total revenue requirements from water and sewer assessments to member communities. Of the \$745.1 million, \$474.6 million will fund the sewerage system, an increase of 3.0% as compared to FY17; and \$242.4 million will fund the water system, an increase of 3.5% as compared to FY17. The charts below show the historical rate revenue requirements at the combined utility level for the past ten years.

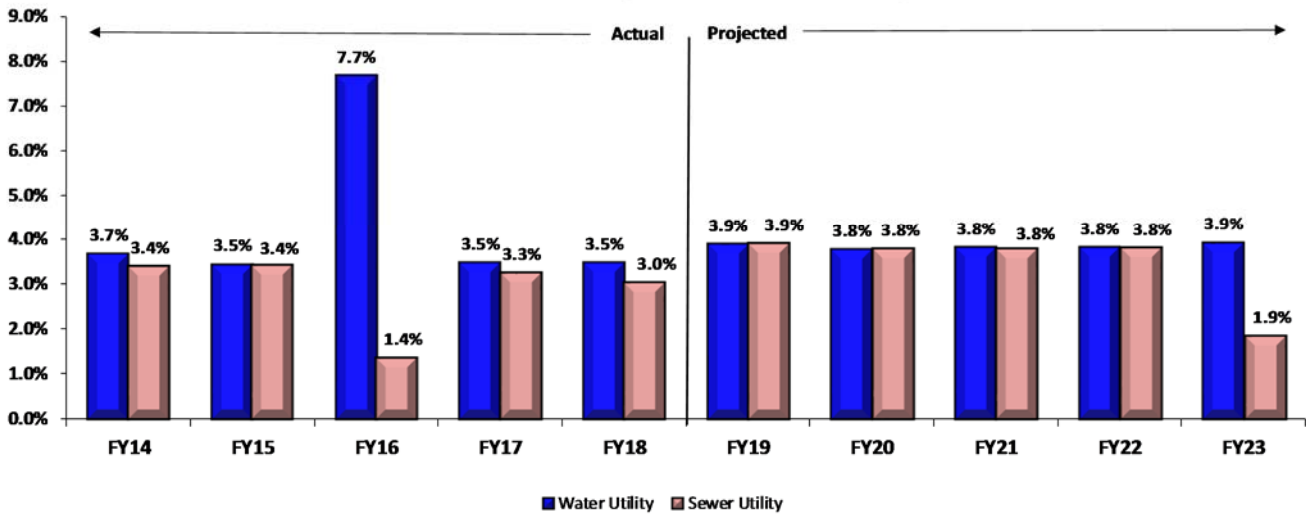
SOURCES & USES OF FUNDS*		
\$ in Millions		
<i>Sources of Funds</i>		
Other User Charges	\$9.5	1.2%
Other Revenue	6.2	0.8%
Investment Income	12.5	1.6%
Rate Revenue	745.1	96.4%
Rate Stabilization	0.0	0.0%
TOTAL REVENUE	\$773.2	100.0%
<i>Uses of Funds</i>		
Total Expenses before Debt		
Service Offsets	\$489.2	
Less:		
Debt Service Assistance	-	
Bond Redemption	-	
Sub-Total Net Expenses	489.2	
Capital Financing	489.2	63.3%
Direct Expenses	238.6	30.9%
Indirect Expenses	45.4	5.9%
TOTAL EXPENSES	\$773.2	100.0%
TOTAL EXPENSES Less Offsets	\$773.2	
<small>*May not add up due to rounding</small>		

MWRA: Combined Water & Sewer Assessments



Beginning in FY17, the MWRA successfully implemented a rate increase smoothing mechanism that allows the rate revenue requirement to be smoothed between utilities eliminating annual volatility mostly driven by debt service payments for capital projects. The charts below show the historical percent increase for the last five years and the projected increases for the next five years.

MWRA Water & Sewer Utilities
Historical and Projected Rate Revenue Changes



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 Proposed FY19 Budget total \$9.5 million, a 5.1% increase over the FY18 budget and includes \$5.0 million for Chicopee Valley Aqueduct (CVA) communities, \$1.8 million for Deer Island water usage, \$727,000 for entrance fees from member communities, and \$500,000 for the Commonwealth's partial reimbursement for Clinton Wastewater Treatment Plant expenses. Additional Other User Charges are \$459,000 or 5.1% more than the FY18 Budget which is mainly due to assessment increases related to increases for Lancaster and Chicopee.

Other Revenue

Other Revenue is budgeted at \$6.2 million, a decrease of \$1.1 million or 15.4% from the FY18 budget. Other Revenue includes \$3.0 million from the sale of the Authority's Renewable Portfolio Credits, sale of generated power to the grid, and revenue from participating in the ISO New England demand response program, which is a \$1.2 million decrease due to a reduction in the payment rate per kilowatt for the demand response program. Other Revenue includes \$2.4 million in permit fees and penalties, an increase of \$25,000 over the FY18 Budget.

Investment Income

MWRA earns interest income by investing funds in both long and short-term investments vehicles governed by Section 522 and 523 of the General Bond Resolution. The FY19 Final Budget includes \$12.5 million in investment income, an increase of \$2.3 million or 22.1% over the FY18 budget reflecting higher interest rate assumptions. The short-term interest rate assumption is at 1.50% for FY19 which is 45 basis points above the FY18 Budget level.

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 Proposed FY19 Budget, no Rate Stabilization fund usage is projected.

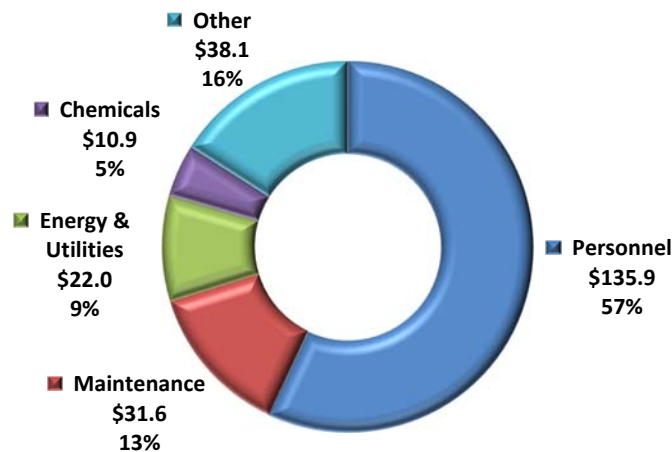
DIRECT EXPENSES

The Proposed FY19 Direct Expense Budget totals \$238.6 million, an increase of \$6.0 million, or 2.6%, over the FY18 Budget. The primary drivers of the Direct Expenses increases are wage increases associated with collective bargaining contracts and cost of living adjustments (COLAs); fringe benefits for projected healthcare cost increases; chemical costs for increased quantities and projected prices of new contracts; and other materials related to the proposed FY19 replacement of all desktop computers following the

implementation of the Microsoft Office 16 suite upgrade that was completed in FY18. 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 self-generation of electricity.

The chart below combines related direct expense line items into general cost categories. Personnel costs (wages and salaries, overtime, fringe benefits, workers’ compensation, and training) are the largest component of the direct expense budget accounting for 57%, followed by other expenses (professional services, other materials, and other services) at 16%, maintenance at 13%, energy & utilities at 9%, and chemicals at 5%.

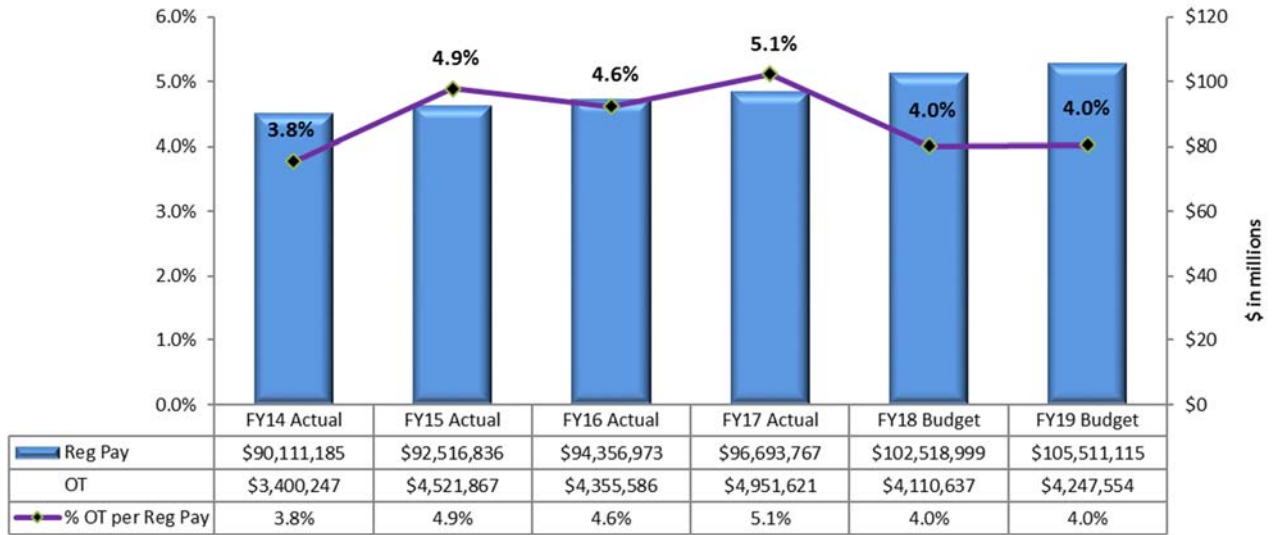
Direct Expenses by Category
\$'s in Millions



Wages and Salaries – The Proposed FY19 budget \$107.1 million for Wages and Salaries as compared to \$104.3 million in the FY18 Budget, an increase of \$2.8 million or 2.7%, primarily for wage increases associated with collective bargaining agreements. Regular Pay which is 98.0% of total Wages and Salaries. On a Full-Time-Equivalent (FTE’s) basis, the Authority has budgeted The FY19 Proposed Budget includes 1,155 FTEs, 5 more than the FY18 Budget. The 5 additional FTEs represent the first year of the hiring of an additional 15 FTEs to support the MetroWest Tunnels Long-Term Water Redundancy capital project. The MWRA currently envisions that 5 FTEs will be added each year over the next three fiscal years.

Division	FY17	FY18	FY19
Executive	5	5	5
Emergency Preparedness	5.8	7.8	8
Affirmative Action	6	6	6
Internal Audit	6.7	6.8	6.7
Public Affairs	12.9	13	12.9
Operations	918.8	918.8	924.3
Law	15.5	15.5	13.5
Administration	141	142	142.6
Finance	38.3	35.5	36
Authority Total	1,150	1,150	1,155

MWRA: % Overtime vs. Regular Pay



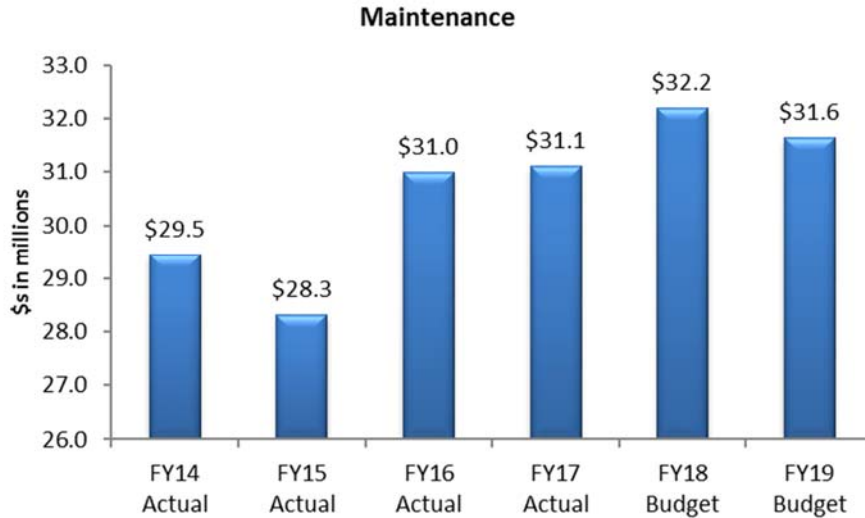
Overtime – The overtime line item is comprised of both emergency overtime and budgeted overtime for maintenance and capital projects. The Proposed FY19 Budget includes \$4.2 million for Overtime, an increase of \$137,000 or 3.3% from the FY18 Budget mostly for wage increases associated with collective bargaining agreements.

Fringe Benefits – The budget includes \$21.8 million for Fringe Benefits, an increase of \$777,000 or 3.7% from the FY18 Budget. Health Insurance premiums total \$18.9 million, an increase of \$739,000 or 4.1% from the FY18 Budget largely due to an anticipated 5% increase in rate structure offset by a change to the number and mix of plans based on FY18 enrollment changes.

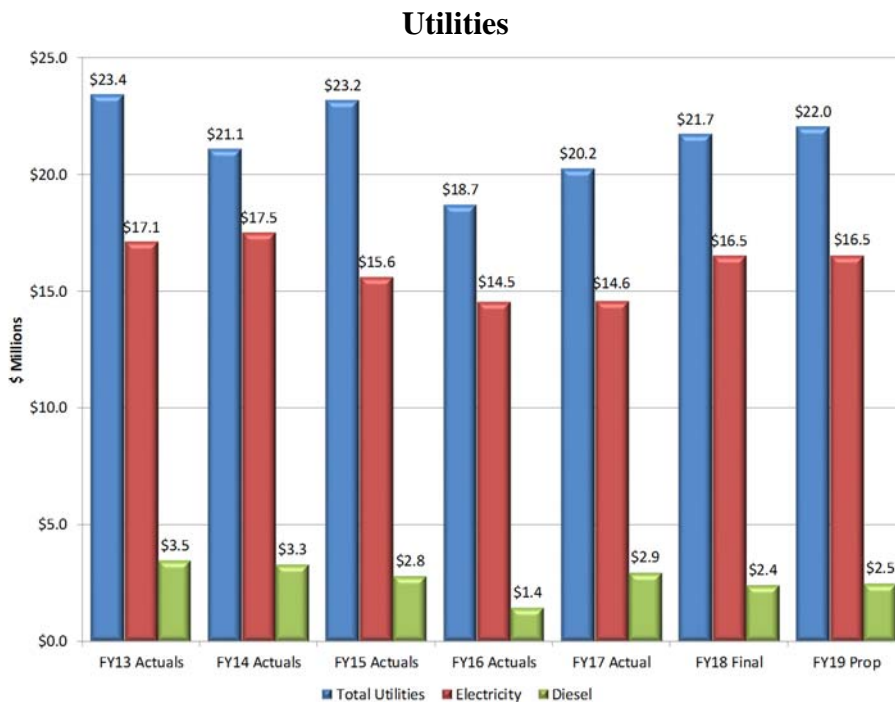
Fringe Benefits

Line Item	FY17 Actual	FY18 Budget	FY19 Budget
Overtime Meals	\$ 107,056	\$ 79,365	\$ 90,147
Health Insurance	16,868,558	18,139,271	18,878,258
Dental Insurance	1,137,659	1,160,985	1,169,828
Unemployment Insurance	111,286	160,744	150,000
Medicare	1,359,681	1,387,610	1,416,384
Tuition Reimbursement	39,394	70,000	70,000
Total Fringe Benefits	\$ 19,623,634	\$ 20,997,975	\$ 21,774,617

Maintenance – The budget includes \$31.6 million for Maintenance projects, a decrease of \$563,000 or 1.8% from the FY18 budget. The decrease in the budget reflects completion of one-time projects in FY18, including a reduction of \$400,000 at Deer Island for the upgrade of the Emerson Ovation Human Machine Interface System for process management, and a reduction of \$150,000 in MIS for the upgrade to AutoCAD.



Utilities – The budget includes \$21.7 million for Utilities, which is an increase of \$200,000 or 0.9% from the FY17 Budget. The increase is for electricity of \$400,000 based upon a projected small increase in transmission and distribution charge for electricity to MWRA sites other than DITP. This is offset by a reduction of \$200,000 in diesel reflecting a 16 cent per gallon reduction in the budgeted cost of diesel fuel from FY18. The major utilities that the budget funds are \$16.5 million for Electricity, \$2.4 million for Diesel Fuel, \$2.1 million for Water, and \$590,000 for Natural Gas.



Chemicals – The budget includes \$10.9 million for Chemicals, an increase of \$1.0 million or 10.4% from the FY18 Budget. \$294,000 of the increase is due to three months funding for the Deer Island National Pollutant Discharge Elimination System (NPDES) permit which is projected to have more stringent requirements for enterococcus treatment compliance. \$476,000 is due to increased pricing for Ferric

Chloride at the Deer Island Treatment Plant. \$308,000 is due to increased use of Hydrogen Peroxide for odor control at DITP and projected price increases. The increases are offset by a decrease of \$125,000 for Hydrofluosilic Acid and \$80,000 for Liquid Oxygen due primarily to lower prices.

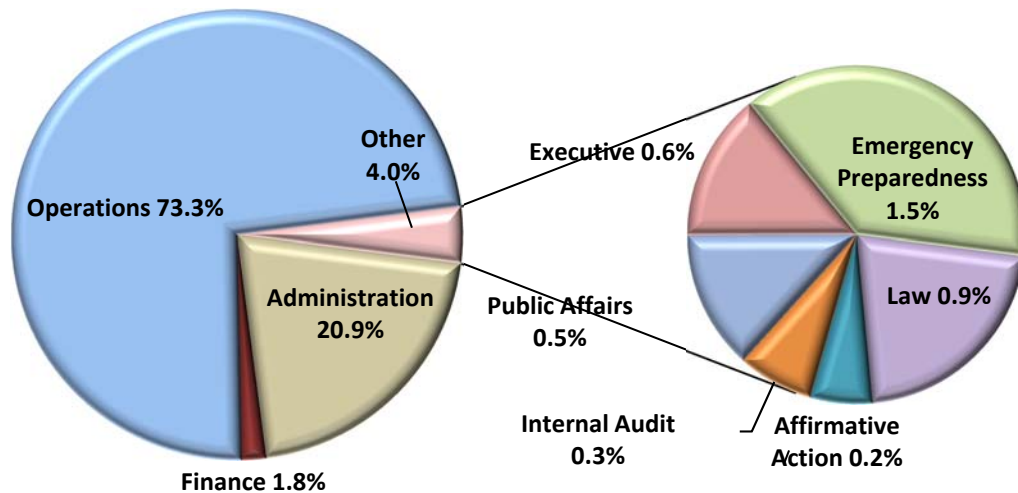
Other Services – The budget includes \$23.2 million for Other Services, an increase of \$386,000 or 1.7% from the FY18 Budget. The primary increase in the budget reflects an increase in the base cost of the sludge pelletization contract, which is budgeted at \$13.3 million for FY19 versus \$12.8 million for FY18. The Other Services budget also includes \$2.0 million for Telephone services, \$3.8 million for Leases/Rentals of which \$1.9 million is for the Chelsea lease and \$1.5 million is for the Charlestown Navy Yard lease, and \$1.2 million for Grit & Screenings Removal.

Functional Area Budget Summary

The chart below shows the breakdown of the MWRA’s direct expense budget by division.

FY19 Proposed Current Expense Budget MWRA Direct Expenses by Division						
DIVISION	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
EXECUTIVE	\$ 6,748,473	\$ 6,706,254	\$ 7,481,735	\$ 7,531,085	\$ 49,350	0.7%
OPERATIONS	160,119,301	162,910,111	170,234,435	174,864,931	\$ 4,630,495	2.6%
LAW	2,044,933	2,285,192	2,306,866	2,058,972	\$ (247,894)	-12.0%
ADMINISTRATION	43,217,254	44,967,226	48,426,600	49,883,264	\$ 1,456,664	2.9%
FINANCE	3,918,090	3,853,121	4,126,344	4,265,279	\$ 138,935	3.3%
TOTAL	\$ 216,048,051	\$ 220,721,904	\$ 232,575,980	\$ 238,603,531	\$ 6,027,550	2.6%

**MWRA Direct Expense Budget
By Division**



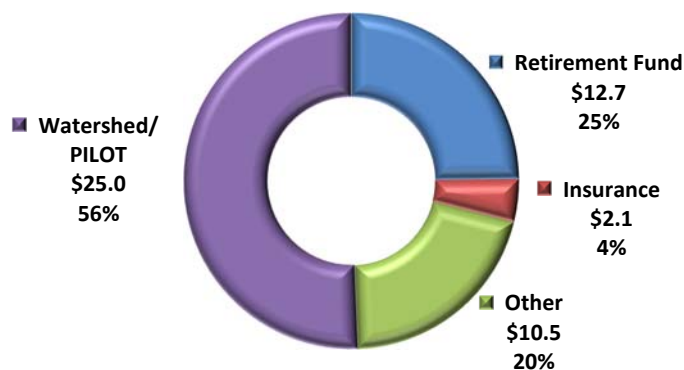
Detailed summaries for each Division budget are provided following the Executive Summary.

INDIRECT EXPENSES

The FY18 Indirect Expense Budget is \$45.4 million, an increase of \$6.6 million or 16.9% over the FY18 Budget.

The following graph 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 at 56% followed by Retirement Fund at 25%, Other (for items such as HEEC, Mitigation, and Addition to Reserves) at 20%, and Insurance at 4%.

Indirect Expenses by Category
\$'s in millions



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 budget includes \$2.1 million for Insurance, an increase of \$85,000 or 4.3% from the FY19 Budget. The FY19 Budget is based on actual average spending for the past five years, FY13-17, and an allowance for inflation and potential increased costs of insurance as a result of the natural disasters throughout the United States in CY17. 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 identified in the triennial insurance consultant review as of February 2017.

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 and operating expenses of the Division of Water Supply Protection. The budget includes \$25.9 million for the Watershed Management budget, an increase of \$747,000 or 3.0% over the FY18 Budget. The budget includes \$17.5 million for reimbursement of operating expenses net of revenues, and \$8.4 million for

Payment in Lieu of Taxes (PILOT). The largest increase is for operating expenses net of revenues of mainly for healthcare costs and contractual increases. The PILOT payments decreased from the FY18 budget based on actual assessments in FY18. The FY19 operating capital budget of the Watershed Management line item includes completion of the Clinton crew headquarters construction, purchase of large equipment and dam repairs.

	FY18 Budget	FY19 Proposed	FY19 Proposed vs. FY18	%
Operating Expenses	16,663,006	17,321,427	658,421	4.0%
Major Projects	1,050,000	1,145,000	95,000	9.0%
Revenue	(990,000)	(960,000)	30,000	-3.0%
Net	16,723,006	17,506,427	783,421	4.7%
Pilot	8,436,715	8,400,000	(36,715)	-0.4%
Total	25,159,721	25,906,427	746,706	3.0%

Harbor Electric Energy Company (HEEC)

The budget includes \$1.4 million for the Harbor Energy Electric Company (HEEC), an increase of \$429,000 or 44.8% over the FY18 Budget to reflect updated calculations for the Operations and Maintenance component of the HEEC payment obligations and capital improvements to the electrical substations providing electricity to the Deer Island Wastewater Treatment Plant.

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 FY18 Final Budget includes funding of \$1.6 million in community compensation for the City of Quincy and the Town of Winthrop. Both mitigation agreements expire in FY25.

Operating Reserves

Funding for the Operating Reserve for \$1.7 million. 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 FY19 Proposed Budget, the required balance is \$41.8 million versus the \$40.1 million required in FY18.

Retirement System Contribution

The budget includes \$7.1 million for the Retirement Fund, an increase of \$3.8 million or 117.0% over the FY18 budget. The increased pension requirement results from lower than assumed returns on pension investments in CY14-16. Based on the January 1, 2017 actuarial report, the minimum required contribution for FY19 was \$8.0 million. Because pension investment returns were favorable in CY17, the Authority obtained a preliminary interim actuarial valuation, which resulted in a lower minimum required contribution of \$7.1 million. Based on the latest actuarial evaluation, MWRA's pension fund is at a 96.5% funding level.

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

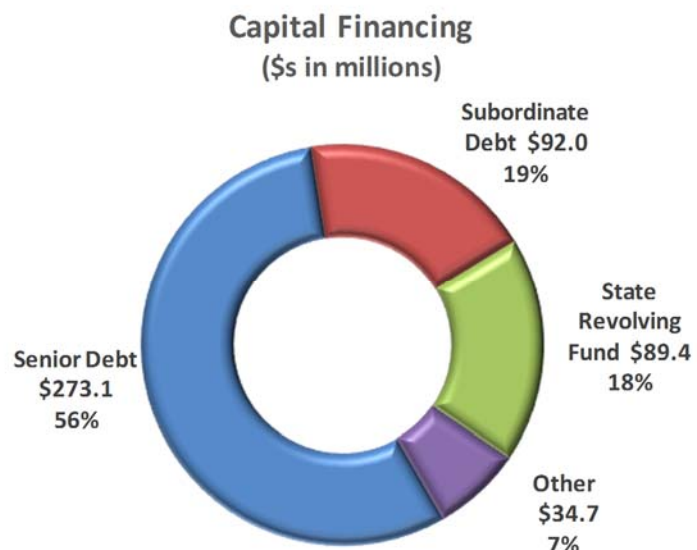
In the Proposed FY19 Budget the Authority funds its OPEB liability at \$5.6 million, continuing the Authority's long-term commitment to address its liabilities. The Authority has complied with the GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (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 the pension liability and upon reaching full funding, move to address the OPEB obligation. To maximize the benefits in terms of returns and accounting treatment, an irrevocable OPEB Trust was established after Board approval and funding started on April 23rd, 2015. The current Trust balance is \$24.4 million which represent approximately a 18% funding level. The proposed \$5.6 million budget is based on 50% of the contribution determined in the January 1, 2016 actuarial report.

CAPITAL FINANCING

The FY19 Proposed capital financing costs total \$489.2 million and remains the largest portion of the MWRA's budget. The FY19 Proposed Budget capital financing costs increased by \$17.2 million or 3.6% compared to the FY18 Budget. This increase is primarily the result of projected FY18 and FY19 borrowings and the structure of the existing debt, and increased current revenue for capital partially offset by the impact of the defeasance.

The FY19 capital financing budget includes:

- \$273.1 million in principal and interest payments on MWRA's senior fixed rate bonds. This amount includes \$6.6 million to support issuances of \$100 million in May 2018 and \$3.5 million to support issuances of \$125 million of new money in February 2019. Also it includes a reduction of \$1.1 for the effect of the planned FY18 defeasance;



- \$92.0 million in principal and interest payments on subordinate bonds;
- \$89.4 million in principal and interest payments on SRF loans. This amount includes \$8.6 million to support issuances of \$50 million of loans during 2018 and \$50 million 2019;
- \$14.2 million to fund ongoing capital projects with current revenue;
- \$12.5 million in debt prepayment;
- \$4.8 million to fund the interest expense related to the Local Water Pipeline Assistance Program; and,
- \$3.2 million for the Chelsea Lease.

Outstanding Debt and Debt Management

The \$8.3 billion spent on MWRA’s modernization efforts since the Authority was established in 1986, has relied heavily on debt financing. Total debt as of December 31, 2017 was \$5.0 billion consisting of senior and subordinated debt, as well as Tax-Exempt Commercial Paper. The total debt was \$170 million less than the MWRA’s total debt as of June 30, 2017. 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, 2017	% of Total
Senior General Revenue Bonds	\$ 3,087,310,000	61.3%
Massachusetts Clean Water Trust	\$ 942,880,187	18.7%
Subordinate General Revenue Bonds	\$ 781,400,000	15.5%
Tax Exempt Commercial Paper/Revolving Loan	\$ 229,000,000	4.5%
Total	\$ 5,040,590,187	100.0%

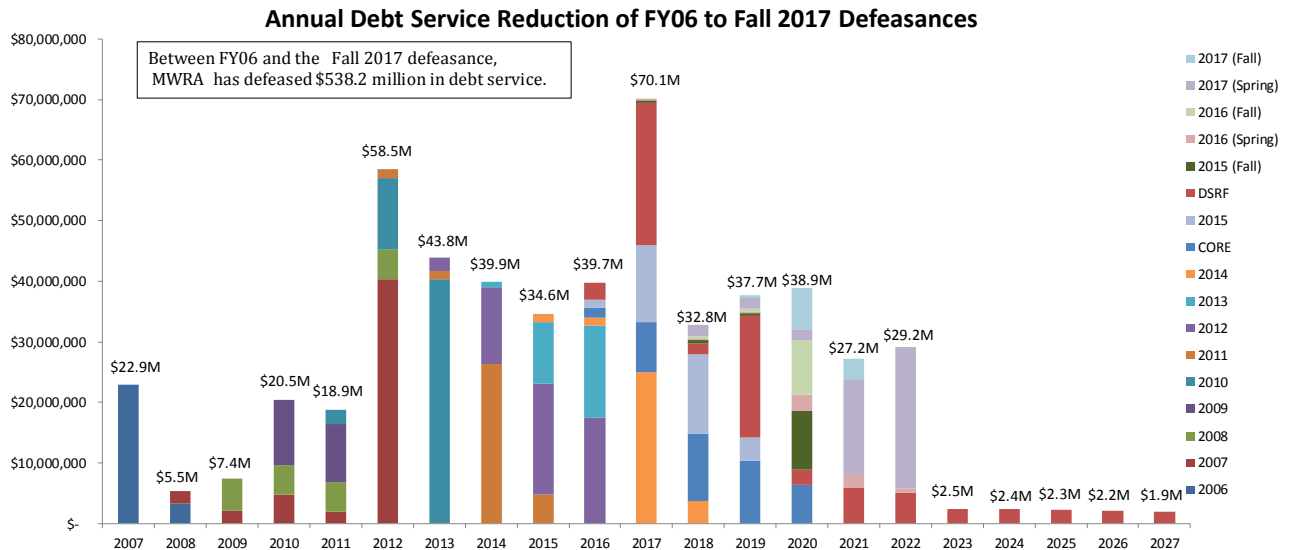
← 80.0% of MWRA's Debt is Fixed Rate

As a result of the Authority’s Capital Improvement Program, capital financing as a percent of total expenses (before offsets) has increased steadily from 36% in 1990 to 63.3% in the FY19 Current Expense Budget. Much of this debt service is for completed projects, primarily the Boston Harbor Project and the Integrated Water Supply Improvement Program. The MWRA’s capital spending, from its inception, had been dominated by projects mandated by court ordered or regulatory requirements, which in total have accounted for ~80% of capital spending to date. Going forward, and as the Combined Sewer Overflow (CSO) projects reached substantial completion in December 2015, the majority of spending will be focused on asset protection and water redundancy initiatives. The projected capital spending scheduled for FY19 is less than scheduled principal payments which will contribute to decrease MWRA’s outstanding indebtedness.

The Authority has actively managed 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, issuance of variable rate debt, swap agreements, 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.

The FY19 Proposed Budget includes a planned defeasance of \$25.9 million which will reduce debt service by approximately \$1.1 million in FY19, and \$7.8 million in FY20, \$3.6 million in FY21 and \$15.2 million in FY22.



The FY19 Budget assumes a 3.5% interest rate for variable rate debt which is 0.25% higher than the rate in FY18. 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 are projected increases in the future.

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 forgave 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. The table below details the FY18 budget capital financing line item. It also shows 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.

	Amount Outstanding	Total FY16 Capital Costs	Sewer	Water
Total SRF ¹ Debt	\$951.0	\$89.4	\$68.3	\$21.0
Total Senior Debt	\$3,087.3	273.1	178.0	95.1
Total Subordinate Debt	\$831.4	92.0	63.9	28.1
Total SRF and Debt Service²	\$4,869.7	\$454.5	\$310.2	\$144.3
Water Pipeline Commercial Paper	128.0	4.8	0.0	4.8
Current Revenue/Capital ³		14.2	13.5	0.7
Capital Lease		3.2	1.9	1.3
Debt Prepayment ⁴		12.5	9.2	3.3
Harbor Cable Prepayment		0.0	0.0	0.0
	128.0	\$34.7	\$24.6	\$10.1
Total Capital Financing (before Debt Service Offsets)	4,997.7	\$489.2	\$334.8	\$154.4
Debt Service Offsets:				
Debt Service Assistance		0.0	0.0	0.0
Bond Redemption		0.0	0.0	0.0
Total Capital Financing	4,997.7	\$489.2	\$334.8	\$154.4

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.

⁴ Debt Prepayment will be used defeasance of bonds at end of fiscal year.

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.

For FY19, the South Boston CSO Tunnel inspection will be performed by in-house staff resulting in a reduction of operating costs of \$350,000. This is the first year of a tunnel inspection program that will be conducted every five years. This reduction will be offset by operating cost increases for natural gas, electricity and chemicals of approximately \$65,000 - \$70,000 due to the newly constructed Phosphorous

Removal building at the Clinton Wastewater Treatment Plant. Additional operating cost increases of \$233,000 in FY19 are the result of Maximo upgrades and Lawson enhancements occurring within the MIS department.

The following table summarizes the projected CIP impact on the operating budget by project over the next ten years.

Fiscal Year	CIP Impacts (\$000s)										
	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	Total
DI Treatment Plant Asset Protection (not including Co-Digestion or Combined Heat and Power Plant)	\$ 206	\$ (244)		\$ (56)	\$ (128)	\$ (119)					\$ (341)
DI Treatment Plant Asset Protection - Hydroturbine Replacements				\$ (113)							\$ (113)
South Boston CSO Tunnel Inspection/Cleaning and Outfalls Inspection (previously named North Dorchester Bay project)				\$ 844	\$ (869)				\$ 979	\$ (1,008)	\$ (55)
Total Wastewater (inflated)	\$ 206	\$ (244)		\$ 675	\$ (997)	\$ (119)			\$ 979	\$ (1,008)	\$ (508)
Metro Tunnel Redundancy	\$ 769	\$ 788									\$ 1,557
Wachusett Algae Treatment Facility								\$ 63	\$ 65		\$ 129
Total Water (inflated)	\$ 769	\$ 788						\$ 63	\$ 65		\$ 1,686
Application Improvement Program	\$ 77										\$ 77
Total Business and Operations Support (inflated)	\$ 77										\$ 77

Operating costs are projected to increase in FY20 and FY21 by \$1.6 million primarily due to five additional staff for the Metropolitan Tunnel Redundancy project. This will be offset by Deer Island Treatment Plant Asset Protection initiatives resulting in a reduction of operating costs of \$454,000 through FY29.

The next South Boston CSO Tunnel inspection will be in FY23 and result in an increase to operating costs of approximately \$844,000.

Other increases to operating costs over the next ten years include charges to the Wachusett Algae Treatment Facility for \$63,000 and \$65,000 in utilities during FY27 and FY28 respectively as well as \$77,000 for maintenance for the MIS Application Improvement Program project.

RATE ASSESSMENT AND METHODOLOGY

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 3.0 million people, or 45% 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 Proposed FY19 Budget, rate revenue from BWSC will account

for 31% of MWRA’s total rate revenue. The table on page I-24, lists MWRA communities, the services received, and the proposed MWRA assessments for FY19.

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 following table presents the calculation of MWRA's FY19 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.

**Calculation of the Preliminary FY19 Rate Revenue Requirement
(000's)**

	Sewer	Water	Total
Allocated Direct Expenses	\$158,024	\$80,579	\$238,604
Allocated Indirect Expenses	\$13,536	\$31,888	\$45,424
PLUS			
Capital Expenses:			
Debt Service (less offsets)	\$310,231	\$144,308	\$454,539
Current Revenue for Capital	\$13,490	\$710	\$14,200
Other Capital Expenses	\$11,157	\$9,310	\$20,467
PLUS			
Non-Rate Revenue:			
Investment Income	-\$7,694	-\$4,763	-\$12,457
Fees and Other Revenue	-\$5,548	-\$10,147	-\$15,696
Rate Stabilization	\$0	\$0	\$0
EQUALS			
Rate Revenue Requirement	\$493,195	\$251,885	\$745,080

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 FY18 Water Assessment	Proposed FY19 Water Assessment	Percent Change from FY18	Final FY18 Sewer Assessment	Proposed FY19 Sewer Assessment	Percent Change from FY18	Final FY18 Combined Assessment	Proposed FY19 Combined Assessment	Dollar Change from FY18	Percent Change from FY18
ARLINGTON	\$5,218,727	\$5,245,583	0.5%	\$8,338,483	\$8,728,350	4.7%	\$13,557,210	\$13,973,933	\$416,723	3.1%
BELMONT	2,906,748	2,866,066	-1.4%	4,923,065	5,138,442	4.4%	7,829,813	8,004,508	174,695	2.2%
BOSTON (BWSC)	85,905,357	91,610,450	6.6%	135,974,820	142,675,448	4.9%	221,880,177	234,285,898	12,405,721	5.6%
BROOKLINE	6,806,844	7,089,044	4.1%	12,978,537	13,005,380	0.2%	19,785,381	20,094,424	309,043	1.6%
CHELSEA	4,277,382	4,865,379	13.7%	7,717,861	8,370,429	8.5%	11,995,243	13,235,808	1,240,565	10.3%
EVERETT	5,182,465	5,505,694	6.2%	8,378,885	8,952,283	6.8%	13,561,350	14,457,977	896,627	6.6%
FRAMINGHAM	8,003,044	8,264,904	3.3%	13,063,056	13,547,744	3.7%	21,066,100	21,812,648	746,548	3.5%
LEXINGTON	7,246,531	7,179,738	-0.9%	7,402,979	7,634,368	3.1%	14,649,510	14,814,106	164,596	1.1%
MALDEN	6,762,968	7,170,696	6.0%	13,307,655	13,620,845	2.4%	20,070,623	20,791,541	720,918	3.6%
MEDFORD	6,383,291	6,509,227	2.0%	12,118,702	12,459,270	2.8%	18,501,993	18,968,497	466,504	2.5%
MELROSE	2,854,570	2,918,148	2.2%	6,387,893	6,574,047	2.9%	9,242,463	9,492,195	249,732	2.7%
MILTON	3,495,641	3,488,203	-0.2%	5,450,348	5,606,338	2.9%	8,945,989	9,094,541	148,552	1.7%
NEWTON	12,891,560	12,167,888	-5.6%	21,760,724	22,520,341	3.5%	34,652,284	34,688,229	35,945	0.1%
NORWOOD	3,703,392	4,093,988	10.5%	7,436,847	7,684,327	3.3%	11,140,239	11,778,315	638,076	5.7%
QUINCY	12,199,555	12,085,467	-0.9%	20,574,282	20,873,432	1.5%	32,773,837	32,958,899	185,062	0.6%
READING	2,211,234	2,313,593	4.6%	4,939,434	5,135,729	4.0%	7,150,668	7,449,322	298,654	4.2%
REVERE	4,896,715	5,222,979	6.7%	10,775,969	10,850,970	0.7%	15,672,684	16,073,949	401,265	2.6%
SOMERVILLE	7,928,695	8,113,769	2.3%	16,508,256	17,235,538	4.4%	24,436,951	25,349,307	912,356	3.7%
STONEHAM	3,027,480	3,144,316	3.9%	4,600,334	4,658,067	1.3%	7,627,814	7,802,383	174,569	2.3%
WALTHAM	9,038,537	9,378,830	3.8%	13,521,664	13,911,209	2.9%	22,560,201	23,290,039	729,838	3.2%
WATERTOWN	3,388,389	3,723,198	9.9%	6,103,914	6,415,582	5.1%	9,492,303	10,138,780	646,477	6.8%
WINTHROP	1,615,822	1,711,170	5.9%	3,395,228	3,596,041	5.9%	5,011,050	5,307,211	296,161	5.9%
TOTAL	\$205,944,947	\$214,668,330	4.2%	\$345,658,936	\$359,194,180	3.9%	\$551,603,883	\$573,862,510	\$22,258,627	4.0%

MWRA Sewer and Partial Water Customers	Final FY18 Water Assessment	Proposed FY19 Water Assessment	Percent Change from FY18	Final FY18 Sewer Assessment	Proposed FY19 Sewer Assessment	Percent Change from FY18	Final FY18 Combined Assessment	Proposed FY19 Combined Assessment	Dollar Change from FY18	Percent Change from FY18
CANTON	\$2,538,303	\$1,887,795	-25.6%	\$4,210,854	\$4,433,841	5.3%	\$6,749,157	\$6,321,636	(\$427,521)	-6.3%
NEEDHAM	1,109,794	862,262	-22.3%	5,889,796	6,227,150	5.7%	6,999,590	7,089,412	89,822	1.3%
STOUGHTON	253,810	162,602	-35.9%	5,031,822	5,098,423	1.3%	5,285,632	5,261,025	(24,607)	-0.5%
WAKEFIELD	2,169,915	2,149,037	-1.0%	6,075,836	6,340,929	4.4%	8,245,751	8,489,966	244,215	3.0%
WELLESLEY	1,742,278	1,496,483	-14.1%	5,601,602	5,797,189	3.5%	7,343,880	7,293,672	(50,208)	-0.7%
WILMINGTON	776,226	506,797	-34.7%	2,804,912	2,935,835	4.7%	3,581,138	3,442,632	(138,506)	-3.9%
WINCHESTER	2,121,826	1,854,033	-12.6%	4,144,555	4,359,186	5.2%	6,266,381	6,213,219	(53,162)	-0.8%
WOUBURN	3,636,173	3,200,207	-12.0%	9,449,446	9,545,236	1.0%	13,085,619	12,745,443	(340,176)	-2.6%
TOTAL	\$14,348,325	\$12,119,216	-15.5%	\$43,208,823	\$44,737,789	3.5%	\$57,557,148	\$56,857,005	(\$700,143)	-1.2%

MWRA Sewer-only Customers	Final FY18 Water Assessment	Proposed FY19 Water Assessment	Percent Change from FY18	Final FY18 Sewer Assessment	Proposed FY19 Sewer Assessment	Percent Change from FY18	Final FY18 Combined Assessment	Proposed FY19 Combined Assessment	Dollar Change from FY18	Percent Change from FY18
ASHLAND				\$2,592,423	\$2,719,113	4.9%	\$2,592,423	\$2,719,113	\$126,690	4.9%
BEDFORD				3,546,882	3,682,249	3.8%	3,546,882	3,682,249	135,367	3.8%
BRAINTREE				9,599,185	9,831,348	2.4%	9,599,185	9,831,348	232,163	2.4%
BURLINGTON				5,286,375	5,576,769	5.5%	5,286,375	5,576,769	290,394	5.5%
CAMBRIDGE				24,713,139	25,708,249	4.0%	24,713,139	25,708,249	995,110	4.0%
DEDHAM				5,482,446	5,643,546	2.9%	5,482,446	5,643,546	161,100	2.9%
HINGHAM SEWER DISTRICT				1,846,255	1,916,597	3.8%	1,846,255	1,916,597	70,342	3.8%
HOLBROOK				1,804,666	1,841,814	2.1%	1,804,666	1,841,814	37,148	2.1%
NATICK				5,924,062	6,029,364	1.8%	5,924,062	6,029,364	105,302	1.8%
RANDOLPH				6,339,800	6,589,654	3.9%	6,339,800	6,589,654	249,854	3.9%
WALPOLE				3,821,880	4,025,025	5.3%	3,821,880	4,025,025	203,145	5.3%
WESTWOOD				2,777,442	3,014,020	8.5%	2,777,442	3,014,020	236,578	8.5%
WEYMOUTH				12,036,129	12,685,486	5.4%	12,036,129	12,685,486	649,357	5.4%
TOTAL				\$85,770,684	\$89,263,234	4.1%	\$85,770,684	\$89,263,234	\$3,492,550	4.1%

MWRA Water-only Customers	Final FY18 Water Assessment	Proposed FY19 Water Assessment	Percent Change from FY18	Final FY18 Sewer Assessment	Proposed FY19 Sewer Assessment	Percent Change from FY18	Final FY18 Combined Assessment	Proposed FY19 Combined Assessment	Dollar Change from FY18	Percent Change from FY18
LYNNFIELD WATER DISTRICT	\$748,610	\$766,820	2.4%				\$748,610	\$766,820	\$18,210	2.4%
MARBLEHEAD	2,469,760	2,549,972	3.2%				2,469,760	2,549,972	80,212	3.2%
NAHANT	537,696	499,917	-7.0%				537,696	499,917	(37,779)	-7.0%
SAUGUS	3,953,935	4,046,125	2.3%				3,953,935	4,046,125	92,190	2.3%
SOUTHBOROUGH	997,207	872,861	-12.5%				997,207	872,861	(124,346)	-12.5%
SWAMPSCOTT	1,892,557	2,036,458	7.6%				1,892,557	2,036,458	143,901	7.6%
WESTON	2,818,905	2,511,257	-10.9%				2,818,905	2,511,257	(307,648)	-10.9%
TOTAL	\$13,418,670	\$13,283,410	-1.0%				\$13,418,670	\$13,283,410	(\$135,260)	-1.0%

MWRA Partial Water-only Customers	Final FY18 Water Assessment	Proposed FY19 Water Assessment	Percent Change from FY18	Final FY18 Sewer Assessment	Proposed FY19 Sewer Assessment	Percent Change from FY18	Final FY18 Combined Assessment	Proposed FY19 Combined Assessment	Dollar Change from FY18	Percent Change from FY18
DEDHAM-WESTWOOD WATER DISTRICT	\$295,794	\$155,323	-47.5%				\$295,794	\$155,323	(\$140,471)	-47.5%
LYNN (LWSC)	326,368	322,354	-1.2%				326,368	322,354	(4,014)	-1.2%
MARLBOROUGH	4,902,062	5,863,194	19.6%				4,902,062	5,863,194	961,132	19.6%
NORTHBOROUGH	1,240,294	1,280,283	3.2%				1,240,294	1,280,283	39,989	3.2%
PEABODY	1,939,097	4,192,983	116.2%				1,939,097	4,192,983	2,253,886	116.2%
TOTAL	\$8,703,615	\$11,814,137	35.7%				\$8,703,615	\$11,814,137	\$3,110,522	35.7%
SYSTEMS TOTAL	\$242,415,557	\$251,885,093	3.9%	\$474,638,443	\$493,195,203	3.9%	\$717,054,000	\$745,080,296	\$28,026,296	3.9%

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.

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 FY19, community assessments are projected to represent 96.4% 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.

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 the combined estimated future rate revenue requirements for FY19 through FY28. The planning estimates assume no Debt Service Assistance and use of Rate Stabilization and Bond Redemption reserves through FY2028 to manage the rate increases. These projections also include the release of cash and debt service reserves starting in FY16 as a result of Bond Indenture changes.

Rates & Budget Projections										
Proposed FY19 CEB	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
Total Rate Revenue (\$000)	\$745,080	\$773,385	\$802,801	\$833,510	\$854,843	\$846,435	\$843,115	\$859,149	\$875,057	\$898,485
Rate Revenue Change from Prior Year (\$000)	\$ 28,026	\$ 28,305	\$ 29,416	\$ 30,709	\$ 21,333	\$ (8,408)	\$ (3,320)	\$ 16,034	\$ 15,908	\$ 23,428
Rate Revenue Increase	3.9%	3.8%	3.8%	3.8%	2.6%	-1.0%	-0.4%	1.9%	1.9%	2.7%
Use of Reserves (\$000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,905	\$ 2,165	\$ 192
Estimated Household Bill										
Based on annual water usage of 61,000 gal.	\$1,161	\$1,213	\$1,267	\$1,324	\$1,377	\$1,415	\$1,458	\$1,515	\$1,573	\$1,639
Based on annual water usage of 90,000 gal.	\$1,713	\$1,790	\$1,870	\$1,954	\$2,032	\$2,088	\$2,152	\$2,235	\$2,322	\$2,418

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 \$70.7 million increase in direct expenses from FY19 to FY28 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 2.7% for salaries and 3.0% for other direct expenses starting in FY19;
- CIP inflation rate of 2.5%;
- Capital spending based on the latest CIP expenditure forecast.
- Long-term fixed rate debt issues with 30-year terms and 5.0% interest rates in FY19, 5.25% interest rates in FY20, 5.5% rates in FY21, 5.75% rates in FY22 and 6.0% rates from FY23 and beyond;
- Variable rate interest projected at 3.5% in FY19, 3.75% in FY20, and 4.0% starting in FY21.

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.

MWRA Rates Management

Planning estimates for 2019 through 2028 forecast rate revenue requirement increases of 3.9% in FY19, 3.8% annually from FY20 through FY22, 2.6% in FY23, -1.0% in FY24, -0.4% in FY25, 1.9% in FY26, 1.9% in FY27, and 2.7% in FY28.

The FY19 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;
- Continues the Authority's multi-year rates management strategy of providing sustainable and predictable assessment increases to our member communities; and
- For the second year, continues the smoothing strategy to even out the rate revenue requirement and rate changes caused by fluctuations in debt service at the utility level.

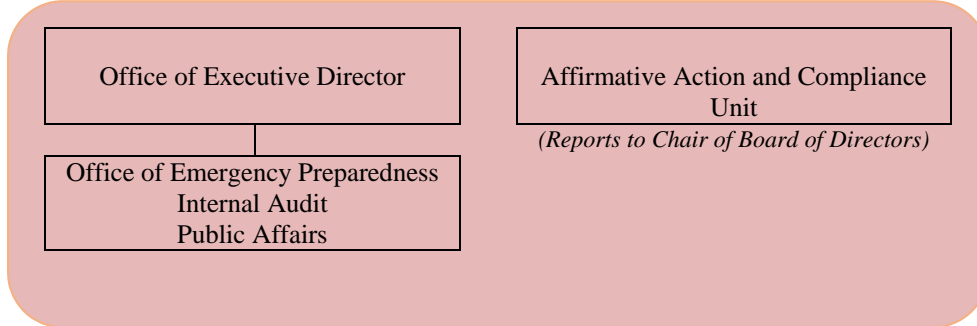
STATEMENT OF FINANCIAL POSITION

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, 2018 are available online at www.mwra.com.



Executive Office
Budget

EXECUTIVE DIVISION



The **Executive Division** 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 Division also oversees a centralized MWRA-wide security program to preserve and protect MWRA facilities, systems and employees.

The Executive Division includes the Office of Executive Director, Office of Emergency Preparedness, Internal Audit, Public Affairs, and the Affirmative Action and Compliance Unit (AACU). Each of these Departments is accounted for separately in the MWRA budget.

The **Office of the Executive Director** includes the Board of Directors' cost center as well as 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 "fiscal 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, holds 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 (WSCAC) and the Wastewater Advisory Committee (WAC). (A description of the Advisory Board, WSCAC and WAC is set forth in Appendix E). The Executive Office budget accounts for less than 1% of the MWRA FY19 Direct Expense Budget.

FY19 Proposed Current Expense Budget OFFICE OF THE EXECUTIVE DIRECTOR

DEPARTMENT	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
EXECUTIVE OFFICE	\$ 537,059	\$ 525,060	\$ 536,635	\$ 549,232	\$ 12,597	2.3%
BOARD OF DIRECTORS	77,379	77,673	83,593	84,770	1,177	1.4%
ADVISORY BOARD / OTHER COMMITTEES	686,464	702,640	722,805	724,674	1,869	0.3%
TOTAL	\$ 1,300,902	\$ 1,305,372	\$ 1,343,033	\$ 1,358,676	\$ 15,643	1.2%

FY19 Goals and Initiatives:

Ensuring a safe and reliable source of drinking water to MWRA customers, and wastewater discharges that meet all applicable regulations drives both capital and current expense budget costs. Five strategic priorities integral to MWRA’s mission were identified for action in MWRA’s Five-Year Strategic Business Plan FY 2016-2020:

- I. Drinking Water Quality and System Performance;**
- II. Wastewater Management & System Performance;**
- III. Infrastructure Management & Resilience;**
- IV. Finance & Management;**
- V. Environmental Sustainability.**

Under each of these priorities, MWRA identified goals and initiatives to guide the Authority’s action. The Executive Department uses the Business Plan to provide the framework for MWRA staff to manage and measure performance. The Office of the Executive Director has also identified core initiatives that support MWRA’s mission and strategic priorities.

- 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.

FY19 Proposed Current Expense Budget							
OFFICE OF THE EXECUTIVE DIRECTOR							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18		
WAGES & SALARIES	\$ 608,188	\$ 595,819	\$ 612,480	\$ 627,411	\$ 14,931	2.4%	
OVERTIME	61	-	-	-	-	-	
TRAINING & MEETINGS	97	-	850	850	-	0.0%	
PROFESSIONAL SERVICES	164,819	166,289	176,464	180,674	4,210	2.4%	
OTHER MATERIALS	2,089	3,377	2,750	2,505	(245)	-8.9%	
OTHER SERVICES	525,648	539,888	550,489	547,236	(3,253)	-0.6%	
TOTAL	\$ 1,300,902	\$ 1,305,372	\$ 1,343,033	\$ 1,358,676	\$ 15,643	1.2%	

Budget Highlights:

The FY19 Proposed Budget is \$1.4 million, an increase of \$16,000 or 1.2%, as compared to the FY18 Budget.

- \$627,000 for **Wages and Salaries**, an increase of \$15,000 or 2.4%, as compared to the FY18 Budget. The FY19 Proposed Budget includes funding for five FTEs, the same as the FY18 Budget.

OFFICE OF THE EXECUTIVE DIRECTOR	FY18 FTEs	FY19 FTEs
EXECUTIVE OFFICE	5	5
TOTAL	5	5

- \$181,000 for **Professional Services**, an increase of \$4,000 or 2.4%, as compared to the FY18 Budget, mainly due to increases in the Advisory Committees’ operating expenses. This budget funds the Water Supply Citizens’ Advisory Committee (WSCAC) and the Wastewater Advisory Committee (WAC) budgets and includes a 2.8% increase in salaries, virtually level funding of miscellaneous operating expenses and the balance in health insurance increases.
- \$547,000 for **Other Services**, a decrease of \$3,000 or 0.6%, as compared to the FY18 Budget. The primary component of this line item is MWRA Advisory Board operating expenses which decreased 0.4% over the FY18 Budget and includes wages and salaries and general administrative office expenses.

OFFICE OF EMERGENCY PREPAREDNESS

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.

FY19 Proposed Current Expense Budget OFFICE OF EMERGENCY PREPAREDNESS

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 509,627	\$ 650,894	\$ 858,294	\$ 913,808	\$ 55,514	6.5%
OVERTIME	-	167			-	-
MAINTENANCE	598,220	493,085	651,900	654,900	3,000	0.5%
TRAINING & MEETINGS	6,808	10,934	15,500	14,500	(1,000)	-6.5%
PROFESSIONAL SERVICES	1,845,169	1,849,903	1,981,000	1,918,440	(62,560)	-3.2%
OTHER MATERIALS	44,999	24,050	19,042	18,042	(1,000)	-5.3%
OTHER SERVICES	111,395	109,920	121,772	115,272	(6,500)	-5.3%
TOTAL	\$ 3,116,218	\$ 3,138,953	\$ 3,647,508	\$ 3,634,962	\$ (12,546)	-0.3%

FY19 Goals and Initiatives:

I. Drinking Water Quality and System Performance

- ***Goal#1 – Maintain drinking water quality to protect public health, and continue to ensure that MWRA water meets all applicable regulations***
 - Develop and implement policies and programs to provide security, critical infrastructure protection, and emergency planning for the MWRA’s water systems.
 - Continue to enhance Emergency Response Plans for all water and wastewater facilities. Update Emergency Action Plans (EAPs) as needed, including the Western Section Dam EAPs and spill control EAPs.
 - Continue ensuring that new construction and rehabilitation of facilities include 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.
 - Establish a backup security monitoring center and communications head end at Norumbega.
 - Complete facility security audits and implement the resulting enhancement and remedial work recommendations.
 - Improve the cyber security of the MWRA’s physical Security System.

II. Wastewater Management & System Performance

- Develop and implement policies and programs to provide security, critical infrastructure protection, and emergency planning for the MWRA's wastewater systems. While this initiative is not specifically addressed under the goals of the Wastewater Management & System Performance Strategic Priority, security of the system is a key objective of the Office of Emergency Preparedness. All initiatives set forth in Section I above for MWRA's water systems apply to MWRA's wastewater systems as well unless they address a specific water system location.

III. Infrastructure Management & Resilience

- ***Goal #10 – Prepare for catastrophic events that could affect the water and wastewater delivery 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.
 - Hold a major Inter-Agency Consequence Management drill.
 - Expand the number of facilities that MWRA can fly its drones, through individual Part 107 authorization requests.

V. Environmental Sustainability

- ***Goal #16 – Continue to monitor climate change research and move forward with plans to reduce impacts of projected sea level rise and storm surge events on MWRA infrastructure***
 - Plan and install flood protection barriers at water and wastewater sites which fall below expected elevations of flood waters under condition of a FEMA 100-year storm plus 2 ½ feet to minimize damage and still provide service.

FY18 Mid-Year Accomplishments:

- Established a relationship with the National Guard Civil Support Team, whose representatives attended and evaluated an MWRA Emergency Service Unit (ESU) drill and gave us a tour of their facility and equipment. A joint drill is planned for the fall.
- Completed physical security audits at 61 facilities.
- Held a cyber-security tabletop drill for technical and management staff.
- Initiated MWRA's participation in the Department of Homeland Security's Cyber Hygiene program.
- Extended the Security Guard Services contract to a fifth and final year under the existing contract.
- Completed the new Security Center in Chelsea.
- Integrated the Caruso Pump Station and the new Carroll Water Treatment Plant Guard House into the MWRA's security system.

- Completed a total of 56 training events or drills.
- Continued to provide an emergency response training program and a tabletop exercise series for MWRA staff and community water system staff. This year we brought in a FEMA funded Disaster Management for Water and Wastewater Utilities class. A total of 59 people attended from the MWRA and 79 Community operators attended from 19 community systems.

Budget Highlights:

The FY19 Proposed Budget is \$3.6 million, a decrease of \$13,000 or 0.4%, as compared to the FY18 Budget.

- \$914,000 for **Wages and Salaries**, an increase of \$56,000 or 6.5%, as compared to the FY18 Budget, mainly due wage increases associated with collective bargaining agreements and a part-time employee increasing to full-time. The FY19 Proposed Budget includes funding for eight FTEs, 0.2 FTE’s higher than the FY18 Budget.

OFFICE OF EMERGENCY PREPAREDNESS	FY18 FTEs	FY19 FTEs
EMERGENCY PREPAREDNESS	7.8	8.0
TOTAL	7.8	8.0

- \$655,000 for **Ongoing Maintenance**, an increase of \$3,000 or 0.5%, essentially level funded with the FY18 Budget. This budget includes funding of \$515,000 to cover the MWRA-wide security systems preventative maintenance and repair service, \$110,000 for MWRA-wide security systems maintenance materials and equipment, including cameras, intrusion detection, card readers, and \$30,000 for the intrusion alarm annual and semi-annual monitoring services contracts.
- \$1.9 million for **Professional Services**, a decrease of \$63,000 or 3.2%, as compared to the FY18 Budget, primarily due to the reduction of funds for EAP work on Western Reservoirs. The budget includes \$675,000 for security services at the Deer Island Treatment Plant facility, \$628,000 for the Chelsea facility, \$430,000 for the Carroll Water Treatment Plant, \$89,000 for the Account Manager, \$49,000 for the Training Officer, \$10,000 for vehicle maintenance and emergency allowance, and \$23,000 for Charlestown Navy Yard (CNY) facility. Also included under Professional Services is \$15,000 for maintaining the Dam EAPs to keep the contact information current and distributed.
- \$18,000 for **Other Materials**, a decrease of \$1,000 or 5.3%, basically unchanged from the FY18 Budget. This line item mainly funds purchase of Health and Safety materials for the ESU Team.
- \$115,000 for **Other Services**, a decrease of \$7,000 or 5.3% from the FY18 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 UNIT

Under section 7(g) of MWRA’s enabling act, the **Affirmative Action and Compliance Unit (AACU)** is established to “report directly to the chairman of the Authority and provide for the enforcement of affirmative action plans for employment, procurement and contracting activities of the Authority.” The 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.

FY19 Proposed Current Expense Budget AFFIRMATIVE ACTION & COMPLIANCE UNIT

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 520,186	\$ 457,840	\$ 544,514	\$ 559,765	\$ 15,251	2.8%
OVERTIME	-	-	-	-	-	-
TRAINING & MEETINGS	4,964	4,617	7,500	7,560	60	0.8%
OTHER MATERIALS	1,763	1,632	2,139	1,950	(189)	-8.8%
OTHER SERVICES	1,416	386	924	912	(12)	-1.3%
TOTAL	\$ 528,329	\$ 464,475	\$ 555,077	\$ 570,187	\$ 15,110	2.7%

FY19 Goals and Initiatives:

In performing its core goals, the AACU undertakes the following initiatives on an on-going basis:

- 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 workforce.
- 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 all candidates, including those who are members of a protected class.
- 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 as well as monitor and report on contractor compliance and expenditures.

FY 18 Mid-Year Accomplishments:

- Provided management assistance to the Human Resources Department in the overall recruitment and selection process for qualified candidates for thirty-eight (32) new hires and fifty-seven (49) promotions.
- Conducted oversight of 120 construction and professional projects, including 9 site visits monitoring the minority and women workforce as well as MBE/WBE/DBE compliance. With the exception of MBE Professional Services, the other procurement targets remain.

Budget Highlights:

The FY19 Proposed Budget is \$570,000, an increase of \$15,000 or 2.7% over the FY18 Budget.

- \$560,000 for **Wages and Salaries**, an increase of \$15,000 or 2.8% over the FY18 Budget. The increase is primarily for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget includes funding for six FTEs, the same as the FY18 Budget.

AFFIRMATIVE ACTION & COMPLIANCE UNIT	FY18 FTEs	FY19 FTEs
AACU	6	6
TOTAL	6	6

INTERNAL AUDIT

The **Internal Audit Department** is prescribed under section 7(h) of the MWRA’s enabling act to “monitor the quality, efficiency and integrity of the Authority’s operating and capital programs and make periodic recommends and reports to the executive director and the board of directors.” **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 coordinating 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.

FY19 Proposed Current Expense Budget

INTERNAL AUDIT

LINE ITEM	FY16	FY17	FY18	FY19	Change	
	Actuals	Actuals	Final Budget	Proposed Budget	FY19 to FY18	
WAGES & SALARIES	\$ 652,455	\$ 616,599	\$ 672,628	\$ 686,152	\$ 13,524	2.0%
MAINTENANCE	-	15	-	-	-	-
TRAINING & MEETINGS	3,069	4,211	6,650	6,683	33	0.5%
OTHER MATERIALS	2,258	1,613	2,150	2,159	9	0.4%
OTHER SERVICES	2,109	1,376	1,700	1,800	100	5.9%
TOTAL	\$ 659,891	\$ 623,814	\$ 683,128	\$ 696,794	\$ 13,666	2.0%

FY19 Goals and Initiatives:

In addition to its statutory core functions, the Department has set the following goals for FY19:

- 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 provide accurate and useful management information.
- Assure that contractors, consultants and vendors doing business with MWRA have adequate accounting and billing systems to provide current, complete and accurate cost and price information and project invoicing.

FY 18 Mid-Year Accomplishments:

- Identified \$1,012,064 in savings related to: internal audits, management advisory services, consultant audits, preliminary consultant reviews, construction labor burden reviews, change order review, vendor reviews, facility lease agreements, and on-going savings from the lease of the engine house by the Fore River Railroad Corporation.

- Issued final audit reports on facilities security contract, Chelsea lease and City of Boston and Cambridge financial assistance agreements. Issued five incurred cost audits, five preliminary consultant and six preliminary construction reviews.
- Provided management advisory analysis services dealing with MWRA overhead rates, unemployment compensation, HEEC tariff filings, DITP electrical WR rate and various contract and amendment negotiations.
- Provided support to the Law Division in the matter of preliminary HEEC filings of the tariff with the Department of Public Utilities on the proposed new cross-harbor electrical cable.
- Seventeen audit recommendations have been closed during the period.

Budget Highlights:

The FY19 Proposed Budget is \$697,000, an increase of \$14,000 or 2.0%, as compared to the FY18 Budget.

- \$686,000 for **Wages and Salaries**, an increase of \$14,000 or 2.0%, as compared to the FY18 Budget, primarily for wage increases associated with collective bargaining agreements.

INTERNAL AUDIT DEPARTMENT	FY18 FTEs	FY19 FTEs
INTERNAL AUDIT	6.8	6.7
TOTAL	6.8	6.7

PUBLIC AFFAIRS

The **Public Affairs Department** is the institutional link to the public and government. The Department’s responsibilities are spread over five separate sections.

The **Legislative Section** of 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. MWRA’s highest legislative priority continues to focus on the need for a robust “Commonwealth Rate Relief Package” to help offset anticipated rate increases over the next several years.

The **Community Relations Section** deals directly with cities and towns in the MWRA 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 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 internal and external web sites and social media platforms, and provides design, editorial, and graphics services for other sections of MWRA.

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.

The Communications and Education Sections are led by the Special Assistant to the Executive Director, located in the Executive Office.

FY19 Proposed Current Expense Budget							
PUBLIC AFFAIRS							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18		
WAGES & SALARIES	\$ 1,089,986	\$ 1,114,692	\$ 1,170,903	\$ 1,188,668	\$ 17,765	1.5%	
OVERTIME	767	14	923	500	(423)	-45.8%	
TRAINING & MEETINGS	4,044	3,065	4,503	4,586	83	1.8%	
PROFESSIONAL SERVICES	0	0	1,300	1,300	-	0.0%	
OTHER MATERIALS	18,195	20,854	26,544	26,596	52	0.2%	
OTHER SERVICES	30,140	35,016	48,816	48,816	-	0.0%	
TOTAL	\$ 1,143,133	\$ 1,173,640	\$ 1,252,989	\$ 1,270,466	\$ 17,477	1.4%	

FY19 Goals and Initiatives:

The core function of the Public Affairs Department is to support the MWRA's achievement of all five key strategic priorities set forth in the FY16-FY20 Five-Year Strategic Business Plan. To that end, the Department has set the following initiatives:

- Work with the Massachusetts Legislature to advocate on behalf of member communities regarding issues that are crucial to the Authority's core mission. The Executive Director and Director of Intergovernmental Affairs routinely meet with House and Senate leaders to discuss issues that are crucial to the Authority and its customers. All newly filed legislation and regulations that could impact the Authority from an operational and administrative perspective are analyzed and monitored, and appropriate responses are formulated in concert with the Office of the Executive Director (OED).
- Enhance overall public understanding of MWRA's mission, goals, and benefits to the public through extensive outreach and effective communication.
 - 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, appointed public officials, and the public.
 - Continue to grow the user population of MWRA's Everbridge communication platform in order to reach as many residents as possible, keeping them up to date on meetings, reports, and infrastructure projects.
 - Continue expand the presence of MWRA's portable water fountain at public events in service communities.
- 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 social media accounts, e.g., Twitter, Flickr and Instagram.
- Continue to respond to media requests in a timely and accurate fashion.
- Continue to develop presentations and graphics for use in a wide range of MWRA programs.
- Continue to design and produce Annual Water Quality Report for every household within the MWRA service area.
- Continue to provide educational support through classroom visits, teacher training, educational material development, and facility tours.
- Provide technical support to 14 cities and towns that host MWRA's emergency back-up aqueducts as part of the Public Access Aqueduct Program.

- Continue to work with cities and towns to implement the Public Access Initiative on the Wachusett, Weston, Sudbury, and Cochituate Aqueducts.
- 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.

FY18 Mid-Year Accomplishments:

- Successfully advocated for the funding of the Sewer Rate Relief Fund. The FY18 General Appropriations Act (GAA) included a statewide appropriation of \$1,100,000. MWRA has historically received approximately 75% of the total appropriation.
- Oversaw the review of 60 projects filed with the Massachusetts Environmental Policy Act Office. MWRA in-house review resulted in the preparation and submittal of 25 comment letters to MEPA.
- Successfully grew the Everbridge communication platform to over 500 public opt-in subscription in an effort keep community members informed of construction project updates, service notices, and public meetings. Sent out daily traffic alerts related to Northern Intermediate High and Southern Extra High Construction projects as well as Monthly Water Quality Updates and Board Meeting notifications. Continued efforts will be made to increase public opt-in subscriptions and expand MWRA utilization of this platform.
- Conducted several public meetings to update public officials and residents of MWRA’s upcoming and ongoing infrastructure investments and their potential impacts on local communities. These included, among others, several meetings with Stoneham residents and the Board of Selectman regarding the Northern Intermediate High Water Transmission Redundancy and Storage Project as well as meeting with Dedham officials and residents regarding the Southern Extra High Redundancy.
- Aqueduct Trails: To date, MWRA staff has issued Section 8 (m) Permits to most communities hosting the Wachusett, Wachusett Open Channel, Weston, Sudbury, and Cochituate Aqueducts as part of the Public Access Aqueducts Program. To date, MWRA has authorized approximately 27 miles of Aqueduct Trails. MWRA estimates that approximately 20 miles are currently open including new sections in the Town of Wayland, Northborough and small sections as part of the Bay Circuit Trail in Southborough and Framingham.

Wachusett Aqueduct and Open Channel

Northborough: 4.7 miles permitted, of which 4.2 miles opened to the public
Southborough: 2.2 miles opened to the public along the Open Channel

Bay Circuit Trail Connector

Framingham: 0.1 miles open to the public
Southborough: 0.4 miles open to the public

- In FY2018, work continued on construction photo books to document projects that have been completed by the MWRA over the past 30 years to provide a physical record for the projects to compliment the digital photo collection. The following books are currently in production:
 - MetroWest Water Supply Tunnel and Hultman Aqueduct Rehabilitation
 - Braintree-Weymouth Relief Facilities
 - Brutsch Water Treatment Facility
- The Annual Water Quality Report was mailed out to all households in MWRA water service communities in June in accordance with the EPA mandate.
- In FY2018, at the request of the Board of Directors, staff have prepared an Environmental Water Quality brochure to be mailed to all households in the MWRA sewer service area in April to highlight the improvements to Boston Harbor and its tributary rivers from MWRA projects
- Staff have continued to improve project reporting on MWRA’s website through monthly updates.
- The School Education staff continues to conduct daily 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 and essay contest for FY2018 focused on the health of Boston Harbor and the how it benefits people, animals and plant life. This program provides an important opportunity for the students, teachers and parents to learn together about MWRA’s mission.

Budget Highlights:

The FY19 Proposed Budget is \$1.3 million, an increase of \$32,000 or 2.6%, as compared to the FY18 Budget.

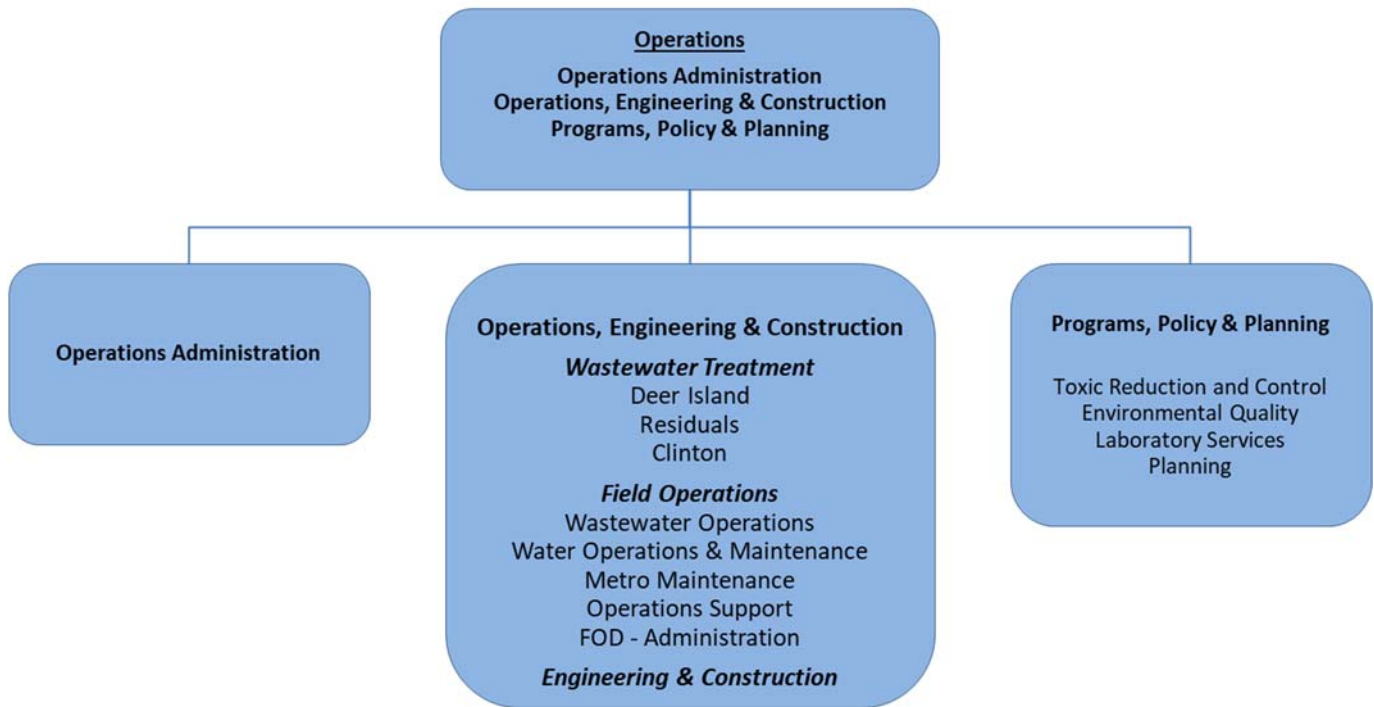
- \$1.2 million for **Wages and Salaries**, an increase of \$18,000 or 1.5%, as compared to the FY18 Budget. The FY19 Proposed Budget includes funding for 12.9 FTEs, due to one employee working fewer hours.

PUBLIC AFFAIRS DEPARTMENT	FY18 FTEs	FY19 FTEs
PUBLIC AFFAIRS	13	12.9
TOTAL	13	13



Operations Division Budget

OPERATIONS DIVISION

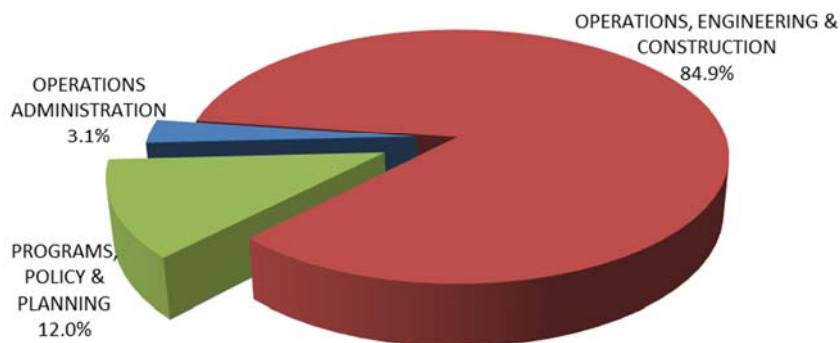


The **Operations Division** provides MWRA’s wastewater and water system services including operations, maintenance, and treatment; environmental monitoring and laboratory testing and analyses; and engineering, construction, planning, and administration. MWRA’s Chief Operating Officer (COO) leads this division.

FY19 Proposed Current Expense Budget						
OPERATIONS DIVISION						
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 75,417,179	\$ 77,413,243	\$ 81,494,645	\$ 83,958,835	\$ 2,464,191	3.0%
OVERTIME	4,250,176	4,875,766	4,027,743	4,166,583	138,840	3.4%
FRINGE BENEFITS	83,741	106,053	78,815	89,597	10,782	13.7%
CHEMICALS	9,297,550	9,262,849	9,836,932	10,855,856	1,018,924	10.4%
UTILITIES	18,628,196	20,137,270	21,615,987	21,933,801	317,814	1.5%
ONGOING MAINTENANCE	26,256,252	25,405,009	26,842,989	26,591,796	(251,194)	-0.9%
TRAINING & MEETINGS	165,127	182,597	200,725	245,600	44,875	22.4%
PROFESSIONAL SERVICES	2,240,903	2,583,296	2,662,645	3,128,613	465,968	17.5%
OTHER MATERIALS	5,012,352	5,049,293	4,970,649	5,084,607	113,958	2.3%
OTHER SERVICES	18,767,824	17,894,735	18,503,305	18,809,642	306,337	1.7%
TOTAL	\$ 160,119,301	\$ 162,910,111	\$ 170,234,435	\$ 174,864,931	\$ 4,630,495	2.7%

The Operations Division is composed of the Operations Administration Department and two operating sections, each led by one Deputy Chief Operating Officer (DCOO): Programs, Policy and Planning (P,P&P) and Operations, Engineering, & Construction (O,E&C). In addition to managing the operating sections, the DCOOs provide support to the Chief Operating Officer on key MWRA operations, technical, policy, community coordination, permitting and public constituency matters.

OPERATIONS DIVISION by OPERATING SECTION



The **Operations Administration Department** provides division-level oversight and general management support in the areas of finance, contract administration, and personnel. The Department also includes the new unit that will oversee and manage the upcoming multi-decade \$1.4 billion Water System Metropolitan Tunnel Redundancy Program that will be active from FY18 through FY42. The Operations Administration Department budget represents 3% of the Operations Division budget and includes funds for MWRA vehicle purchases and division-wide professional memberships.

The **Programs, Policy & Planning Section** is composed of the Toxic Reduction and Control, Environmental Quality, Laboratory Services, and Planning departments. In total, the budgets for these departments represent 12% of the Operations Division's budget. Brief descriptions of the departments in this section are as follows:

- 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 also oversees implementation of MWRA's 8-M Permits processes.
- The **Environmental Quality Department (EnQual)** has two units: EnQual-Water and EnQual-Wastewater. EnQual-Water manages compliance with the reporting requirements of the MassDEP Drinking Water Regulations, as well as conducts and oversees the drinking water quality monitoring program. EnQual-Wastewater manages compliance with the reporting requirements of MWRA's National Pollutant Discharge Elimination System (NPDES) permits. This unit analyzes environmental data and prepares reports on the quality of sewage influent and effluent and the water quality of Boston Harbor and its tributary rivers and Massachusetts Bay.

- The **Laboratory Services Department** supports various client groups in the Operations Division, the Massachusetts 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 **Planning Department** provides planning, advocacy, and decision support services on policy, public health, regulatory, and operations matters regarding MWRA’s potable water and wastewater systems.

The **Operations, Engineering & Construction Section** is composed of the Wastewater Treatment, Field Operations, and Engineering & Construction departments. In total, the budgets for these departments represent 85% of the Operations Division’s budget. Brief descriptions of the departments in this section are as follows:

- The **Wastewater Treatment 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)** manages the wastewater pretreatment, water treatment, wastewater collection and water distribution functions, including the Carroll Water Treatment Plant (CWTP). This department is responsible for operating, maintaining, and metering both the water and wastewater systems.
- The **Engineering and Construction Department** supports the maintenance, repair, and rehabilitation of the wastewater and water systems by providing in-house engineering, drafting, surveying, consultant management, construction management, and other technical assistance. The department is also responsible for the implementation and monitoring of the Combined Sewer Overflow (CSO) plan.

FY19 Proposed Current Expense Budget						
OPERATIONS DIVISION by OPERATING SECTION						
OPERATING SECTION	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
OPERATIONS ADMINISTRATION	\$ 4,561,932	\$ 4,829,600	\$ 4,909,440	\$ 5,400,880	\$ 491,440	10.0%
OPERATIONS, ENGINEERING & CONSTRUCTION	137,210,798	139,091,187	144,914,696	148,393,063	3,478,367	2.4%
PROGRAMS, POLICY & PLANNING	18,346,571	18,989,324	20,410,299	21,070,988	660,689	3.2%
TOTAL	\$ 160,119,301	\$ 162,910,111	\$ 170,234,435	\$ 174,864,931	\$ 4,630,495	2.7%

FY19 Goals and Initiatives:

The Operations Division core function is to plan, develop, implement, and operate efficient, reliable, and economical water treatment/delivery and wastewater transport/treatment systems in an environmentally sound manner. Accordingly, the Division takes the lead on the following MWRA goals included in the Board-approved FY16 - FY20 Five-Year Strategic Business Plan:

I. Drinking Water Quality and System Performance

- **Goal #1- Compliance with Regulatory Requirements and Public Health Standards:** Maintain drinking water quality to protect public health, and continue to ensure that MWRA water meets all applicable regulations. Continue to optimize ultraviolet disinfection treatment process for MWRA's potable water system at the Carroll Water Treatment Plant and Brutsch Treatment Facility while meeting or exceeding all water quality standards.
 - Continue to develop and implement contaminant monitoring plans in the water system.
 - Conduct invasive species removal and monitoring at water reservoirs.
- **Goal #2 – Water Quality Public Communications:** Continue to effectively report and communicate water quality information to our customers and public officials.
- **Goal #3 – Technical Assistance for Water Communities:** Assist member communities to improve local water distribution systems through ongoing financial, technical and operational support programs to maximize long-term water quality benefits.
 - Continue to distribute interest-free loans to member water communities including under the Lead Service Line Replacement Loan Program.
 - Continue to provide technical assistance and laboratory analysis to help communities identify and reduce lead service lines, primarily in schools.

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.
 - Meet all NPDES and other regulatory effluent quality, treatment, monitoring, and pre-treatment requirements.
 - Successfully use new phosphorous treatment system and natural gas lines at the Clinton Wastewater Treatment Plant.
 - Implement new NPDES permit requirements for Clinton Wastewater Treatment Plant (permit issued March 2017).
 - Continue work on harbor and outfall monitoring initiatives including: calculating revised thresholds, continuing 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.
 - Comply with I/I mapping and planning requirements in state environmental regulations and NPDES permits.
- **Goal #5 – Regulatory Changes:** Continue to initiate plans and studies to prepare for regulatory changes; identify opportunities to refine monitoring requirements; and improve effluent quality.
 - Plan for implementation of requirements of the new National Pollutant Discharge Elimination System (NPDES) Permits for DITP (assume new permit is issued in April 2019).

- 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.
- **Goal #6 – CSO Plan Compliance:** Complete all CSO milestones by 2020 and demonstrate that the CSO Plan meets its performance objectives at all outfalls. Ensure compliance with CSO NPDES permit requirements.
 - Develop an intensified level of data analysis bringing together disparate datasets such as localized rainfall data, metered and modeled CSO discharges, and receiving water quality to meet future water quality assessments expected in the CSO variance areas of the Mystic and Charles Rivers.
- **Goal #7 – Technical Assistance for Wastewater Communities:** Assist member communities to improve their wastewater collection systems through ongoing technical, financial, and operational support programs.
 - Continue distribution of interest-free loans and grants to member sewer communities.

III. Infrastructure Management and Resilience

- **Goal #8 – System Maintenance:** Maintain and enhance water and wastewater system assets over the long term at the lowest possible life cycle cost and acceptable risk, consistent with customer, community, and regulatory support levels.
 - Optimize staff resources, overtime, service contracts, and as-needed design contracts to complete routine and major maintenance projects.
 - 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 projects at Deer Island and Clinton.
 - 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.
- **Goal #9 – Capital Improvements:** Move forward with design and construction of major wastewater infrastructure rehabilitation and renewal projects.
 - The Proposed FY19 Capital Improvement Program forecasts \$192.4 million in spending in FY19, of which \$112.7 million supports Wastewater System Improvements, \$81.2 million supports Waterworks System Improvements.
 - There are 87 active contracts in FY19 of which 27 are for design of Wastewater and Waterworks Systems Improvements and 13 are for construction, with projected spending of \$92.6 million for design and \$230.2 million for construction. In addition, there are 47 active other contracts with total spending of \$58.9 million.
- **Goal #10 – Emergency Preparedness:** Prepare for catastrophic events that could affect the water and wastewater delivery systems.

IV. Environmental Sustainability

- **Goal #15 – Energy Optimization:** Continue to examine energy efficiency of MWRA operations, renewable energy production, and revenue generation opportunities using MWRA’s energy assets.
 - Continue to identify, assess, and implement initiatives to reduce energy demand and increase energy self-generation in MWRA’s facilities through grant-funding and cost-sharing if available.

- Self-generate ~29% of the Deer Island Treatment Plant's (DITP) required power through optimization of power generation assets, including the wind turbines, Steam Turbine Generation (STG) back pressure system, photovoltaic panels, and Combustion Turbine Generators (CTGs).
 - Contribute ~ \$3 million in energy revenue to MWRA's ratepayers through optimization of power generation assets and participation in energy revenue programs such as demand response, energy credits, power sales, and utility rebates. Also, avoid ~ \$600,000 in capacity charges through operation of self-generation assets during peak load events.
 - Implement multi-year Memorandums of Understanding with Eversource and NGrid including lists of eligible projects and rebates for energy savings.
- **Goal #16 – Climate Change Adaptation:** Continue to monitor climate change research and move forward with plans to reduce impacts of projected sea level rise and storm surge events on MWRA infrastructure.
 - **Goal #17 – Water System Expansion:** Advance reasonable water system expansion.



The strategic priorities and goals that apply to each department within the Operations Division are presented in each department's budget section.

FY18 Mid-Year Accomplishments:

I. Drinking Water Quality and System Performance

- Met all water quality and treatment standards in the drinking water system during FY18 year-to-date, and maintained maximum turbidity results at Quabbin and Wachusett Reservoirs within MassDEP standards.
- Contaminant Monitoring System - Rolled out use of the Mobile Water Quality Trailer and made progress on upgrading two sites (CWTP raw tap and Shaft 9A).
- Continued invasive species removal work in the Stillwater Basin and Chestnut Hill Reservoir among others, as well as identified and responded to new colonizing invasive plants across the reservoir system.
- The Laboratory Services Department performed 65,000 tests (including data entry of field tests) related to drinking water quality including the annual Lead and Copper Rule testing.
- Distributed \$16.7 million in interest-free loans to member water communities including \$1.5 million for lead service line replacement.
- The Laboratory Services Department performed 33,000 tests since the beginning of 2016 in support of community efforts to identify and reduce lead service lines in schools.

II. Wastewater Quality and System Performance

- Deer Island qualified for the Platinum Peak Performance Award for calendar year 2017 from the National Association of Clean Water Agencies (NACWA) for 11 continuous years without a permit violation. The award recognizes facilities for outstanding compliance of their National Pollutant Discharge Elimination System (NPDES) permit limits.

- DITP met secondary permit limits at all times, treating on average more than 99.6% of flows with full secondary treatment.
- Clinton Wastewater Treatment Plant continued to operate within framework of new NPDES Permit issued in March 2017 and had no permit violations during the first six months of FY18.
- Processed 105.7 average tons per day of sludge at the Pelletization Plant and disposed of 2,618 tons of grit and screenings through a contracted vendor.
- The TRAC Department completed the following Environmental Protection Agency (EPA)-required work for significant industrial users: 125 inspections, 142 monitoring events, and 321 sampling of connections. This department also issued or renewed 146 permits to Significant Industrial Users (SIUs) and non-SIUs.
- During the first six months of FY18, the Department of Laboratory Services performed 138,000 tests (including data entry of field tests) including the Massachusetts Bay water column testing for the Harbor and Outfall Monitoring program.
- 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 seven 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.
- Distributed \$18.4 million in grants and interest-free loans to member sewer communities to rehabilitate their collection systems with the goal of structurally reducing infiltration and inflow.

III. Infrastructure Management and Résilience

Maintenance

- The Operations Division spent \$11.6 million on maintenance of which \$5.1 million was for materials and \$6.5 million was for services.
- Procured and implemented numerous contracts for maintenance services, including the following:
 - Fuel storage tank maintenance
 - Fire protection sprinkler system maintenance
 - Fire alarm system services
 - Boiler and water heating services
 - Vibration analysis and support services for Water System western operations
 - Elevator maintenance
 - Air compressor system service
 - Trash removal services at DITP
 - Overhead door maintenance services at DITP
 - Trash removal services at DITP
- Procured and implemented numerous contracts for maintenance projects including:
 - Sewer manhole rehabilitation
 - Energy efficient interior and exterior LED lighting at Clinton Wastewater Treatment Plant
 - HVAC upgrades at Braintree/Weymouth IPS and Chelsea Administration building
 - Emergency repair to Section 80 water main in Newton MA
 - Replacement of DITP exterior doors
 - Repair of electrical systems at the Carroll Water Treatment Plant and other locations in Water western operations
 - Deer Island wind turbine removal

- Completed numerous maintenance projects including the following representative work:
 - DITP: Performed maintenance and replaced mixer on module # 2 digester #4.
 - DITP: Performed annual turnaround maintenance at DITP on train #1 at the Cryogenic Oxygen Facility in April. This turnaround maintenance is performed on roughly half of the components and systems in the Cryo Facility and allows the remaining half of the facility to continue to operate and produce oxygen uninterrupted. The same turnaround maintenance will be performed on Train #2 in the spring.
 - Clinton Wastewater Treatment Plant: Monthly maintenance including flushing soda ash line, lubricating and inspecting influent pump motors and lower bearings, exercising standby generators, rebuilding pumps in headworks building, and repairing cross collectors and wear strips in the primary clarifiers.
 - Wastewater Operations: Replaced carbon in odor control systems at the Braintree/Weymouth Replacement Pump Station and the Hough's Neck Pump Station.
 - Metro Equipment and Facility Maintenance: Mechanics conducted vibration monitoring in equipment at Nut Island, Quincy Pump Station, and South Boston. Plumbers repaired or replaced backflow preventers at Framingham Pump Station, Ward Street Headworks, Spring Street Pump Station, and the DCR Facility in Stoneham.
 - SCADA and Process Control: Worked on upgrading Loring Road Ventilation system to reduce electrical demand, added particle monitor at Carroll Water Treatment Plant, replaced microwave radio link from Cosgrove to Mt Wachusett in the water system, and worked on enabling sewer level interlock between Prison Point and BOS-019.
 - Carroll Water Treatment Plant: Staff coordinated the annual half plant shutdown of the treatment process on the A side. Drained and cleaned the primary contactors and well as the storage tank and completed maintenance tasks on offline equipment including replacing the rupture disks that prevent over/under pressurization of the primary contactors.
 - Aqueducts: Repaired drainage culvert on the Weston Aqueduct in Framingham, painted over graffiti at Echo Bridge in Newton, and completed annual easement clearing of aqueducts throughout the water system.
 - Dam Safety: Monitored dam seepage weirs at Weston Dam and Foss Dams.
- Procured and implemented HVAC insulation replacement in the pump and blower area at the Nut Island Headworks in the aftermath of a January 2016 fire in the lower part of the facility.
- In water system, exercised 484 and replaced 2 mainline valves; exercised 301 and replaced 3 blow-off valves.
- In the wastewater system, inspected 16.9 miles and cleaned 18.23 miles of MWRA pipeline. Inspected 392 structures and rehabilitated 134 manholes. Also inspected 17 and cleaned 29 inverted siphon barrels.

Capital Improvements

- FY18 spending through the first six months totaled \$89.1 million broken out by category as follows: \$48.2 million for Water System projects, \$39.8 million for Wastewater System projects, and \$1.1 million for Business and Operations Support projects.
- Major contracts awarded by MWRA during the first half of FY18 include:
 - Southern Extra High Redundancy Pipeline Section 111 Construction 2 - \$17.2 million
 - Northern Low Service Section 57 Water & Sections 21/20/19 Sewer Engineering
 - Services - \$6.0 million
 - Combined Sewer Overflow Performance Assessment - \$2.9 million
 - Section 14 Water Pipeline Relocation (Malden) - \$1.4 million

- Chestnut Hill Gatehouse #1 Repair Construction - \$0.8 million
- Residuals Sludge Tank & Silo Coating - \$0.6 million
- Deer Island Treatment Plant VFD Replacement Construction - \$0.5 million
- Residuals Immediate Mechanical Improvements - \$0.1 million
- Projects that were completed or reached substantial completion during the first six months of FY18 include:
 - Wastewater System Improvements
 - Deer Island Treatment Digester Sludge Pump Replacement Phase 2 - \$2.7 million
 - Deer Island North Main Pump Station and Winthrop Terminal Facility Butterfly Valve Replacements - \$17.6 million
 - Prison Point Piping Rehabilitation - \$0.5 million
 - Deer Island Personnel Dock Rehabilitation - \$1.5 million
 - Waterworks System Improvements
 - Chicopee Valley Aqueduct Screens Replacement Construction - \$1.2 million
 - Fish Hatchery Pipeline Construction - \$3.6 million

Emergency Preparedness

- Submitted a grant application to procure a radiological monitor to detect radiological contamination in drinking water. Awards are expected to be announced in the summer of 2018.
- Held a large-scale spill response night operations exercise with local fire department at Wachusett Reservoir.

V. Environmental Sustainability

- Received a total of \$600,000 in revenue for energy generated at numerous facilities including the following: hydroelectric \$290,000 from Oakdale Station, \$77,000 from Cosgrove Station, and \$9,000 from the Loring Road Pump Station; wind of \$162,000 from Charlestown Pump Station; and solar of \$59,000 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, non-rate revenue from the sale of Renewable Portfolio Standards Program (RPS) credits, and receipt of utility rebates for CEB-funded efficiency projects resulted in \$1.9 million in revenue for the first six months of FY18. MWRA also avoided approximately \$600,000 in capacity charges through operation of self-generation assets during peak load events as called by the regional transmission organization (ISO New England).
- Deer Island also self-generated 28.5% of the plant's total required power during that time period.
- Continued to operate new phosphorous treatment system and natural gas lines at the Clinton Wastewater Treatment Plant; both are in first year of operation.

Budget Highlights:

The FY19 Proposed Budget is \$174.9 million, which is \$4.6 million or 2.7%, more than the FY18 Budget.

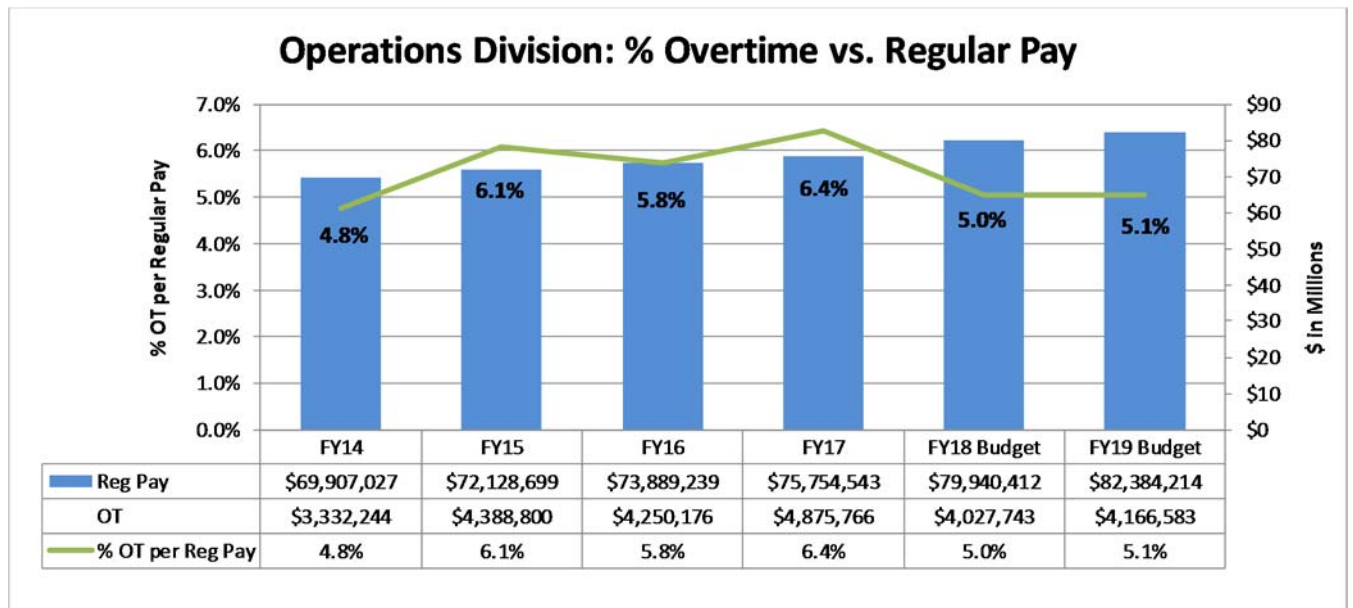
Line items that increased from the FY18 Budget include:

- The FY19 Budget of \$84.0 million for **Wages and Salaries** is an increase of \$2.5 million or 3.0% from the FY18 Budget primarily due to wage increases associated with collective bargaining agreements and additional staffing. The FY19 Final Budget funds 924 full-time equivalent positions. The five additional FTEs represent the first year of the hiring of an additional 15 FTEs to support the Metropolitan Tunnel Water Redundancy capital project. The MWRA currently envisions that five FTEs will be added each

year over the next three fiscal years to support this project. The Wages and Salaries line also includes \$785,000 for Stand-by Pay to ensure staffing availability and response during emergencies, \$199,000 for Interns, and \$82,000 for Temporary Employees to assist lead testing in schools.

FTEs Operations by Department		
DEPARTMENT	FY18 FTEs	FY19 FTEs
OPERATIONS ADMINISTRATION	23.6	28.6
OPERATIONS, ENGINEERING & CONSTRUCTION PROGRAMS, POLICY & PLANNING	730.4	731.2
TOTAL	918.8	924.3

- The FY19 Budget of \$4.2 million for **Overtime** is a net increase of \$139,000 or 3.4% from the FY18 Budget, primarily due to wage increases (~ \$100,000 increase). The remaining increase of \$38,000 is due to additional funding based on historical trends for planned maintenance work required on off-shifts and emergency overtime associated with major storms. The budget includes \$1.8 million for emergencies and storms; \$1.2 million for planned work required on off-shifts and during periods of lower flows; \$1.1 million for routine coverage of operations per prevailing collective bargaining agreements; and \$20,000 for training.



- The FY19 Budget of \$10.9 million for Chemicals, an increase of \$1.0 million or 10.4% over the FY18 Budget, due to the net effect of price and usage adjustments based on potential new programs, recent trends, contracts, and market projections. Of this increase, \$294,000 is due to three months funding for the Deer Island National Pollutant Discharge Elimination System (NPDES) permit which is projected to have more stringent requirements for enterococcus treatment compliance. Of the remaining amount, \$476,000 is primarily due to increased pricing for ferric chloride at the Deer Island Treatment Plant. \$308,000 is primarily due to increased use of hydrogen peroxide for odor control at DITP. The increases are offset by a decrease of \$125,000 for Hydrofluosilicic acid and \$80,000 for liquid oxygen in the water system primarily due to lower prices. The FY19 Budget includes \$5.8 million for disinfection and treatment in the water system and \$5.1 million for disinfection, treatment, and odor control in the wastewater system. The budget includes \$3.6 million for soda ash, \$2.5 million for sodium hypochlorite, \$1.4 million for ferric chloride, \$712,000 for hydrogen peroxide, \$409,000 for sodium bisulfite, \$370,000 for liquid oxygen, \$359,000 for polymer, \$341,000 for activated carbon, \$322,000 for carbon dioxide, \$236,000 for Hydrofluosilicic acid, and \$182,000 for aqua ammonia.

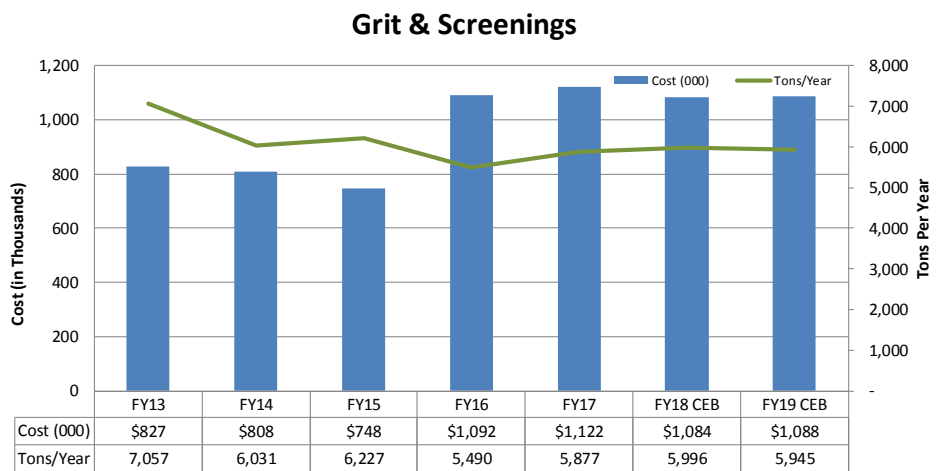
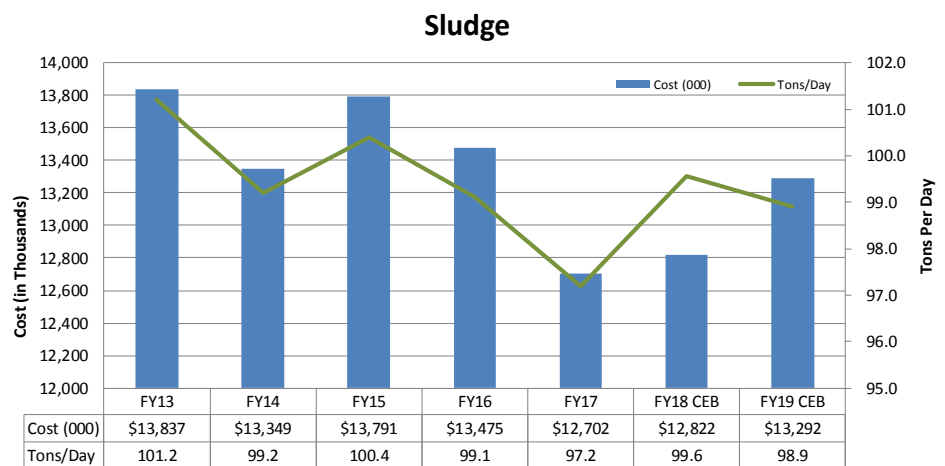
- The FY19 Budget of \$21.9 million for **Utilities** includes \$16.4 million for electricity, \$2.4 million for diesel fuel, \$2.1 million for water, \$590,000 for natural gas, and \$200,000 for propane and other utilities. The utility budget by department is \$11.8 million for Deer Island Treatment Plant, \$4.7 million for Wastewater Operations, \$4.5 million for Water Operations, \$483,000 for the Chelsea office and maintenance facilities, and \$326,000 for the Clinton Wastewater Treatment Plant. The utilities budget is \$318,000 or 1.5% more than the FY18 budget primarily due to projected increases in wholesale water rates for DITP and the net effect of price and quantity estimates for all utilities based on expected trends.



- The FY19 Budget of \$246,000 for **Training and Meetings** covers specialized training, attendance at industry conferences, and site visits as required to vendors and other plants. It specifically funds training for topics such as spill response and boom deployment; spill control and prevention; trenchless technology; cyber security; and electrical voltage. The FY19 Budget is \$45,000 or 22.4% more than the FY18 Budget primarily due to increased need for attendance at conferences and training for workforce development associated with succession planning, newer staff, and the impacts of expected retirements.
- The FY19 Budget of \$5.1 million for **Other Materials** includes \$1.9 million for Vehicle Replacements; \$904,000 for Lab and Testing Supplies; \$197,000 for Vehicle Expenses (gas, mileage reimbursement); \$432,000 for Health and Safety Supplies; \$585,000 for Equipment and Furniture; and \$442,000 for Work Clothes. The increase of \$114,000 or 2.3% from the FY18 Budget is primarily due to replacement of equipment for the reservoir contaminant monitoring program and furniture throughout DITP.
- The FY19 Budget for **Professional Services** is \$3.1 million, including \$1.7 million for lab and testing services; \$967,000 for engineering services and \$266,000 for other services. Major items in the budget

include \$1.4 million for Harbor and Outfall Monitoring; \$354,000 for hardware and software security configuration services to protect information systems in the Engineering and Construction Department (ECD); \$315,000 for as-needed engineering services to support CEB-funded projects; \$305,000 for outsourced testing by the Central Laboratory; \$180,000 for Dam Asset Maintenance Plan development; \$109,000 for a comprehensive reservoir-wide plant survey in the water system; \$100,000 for a new study to provide research on MWRA pellets as they related to biosolids exemptions in MA regulations; \$97,000 for invasive species control services in the reservoirs; \$50,000 to commence development of the multi-year Emergency Reservoir Management Plan; \$39,000 for bi-annual emissions testing of the sludge dryers at the Pelletization Plant; and \$20,000 for MWRA’s FY19 contribution to the Mystic River Modeling project. The FY19 Budget is \$466,000 or 18% more than the FY18 Budget primarily due to increases associated with the addition of new projects including information systems security configuration, biosolids exemptions research, back-up reservoir management plan, and EPA’s unregulated contaminant monitoring (UCMR4) rule in the water system.

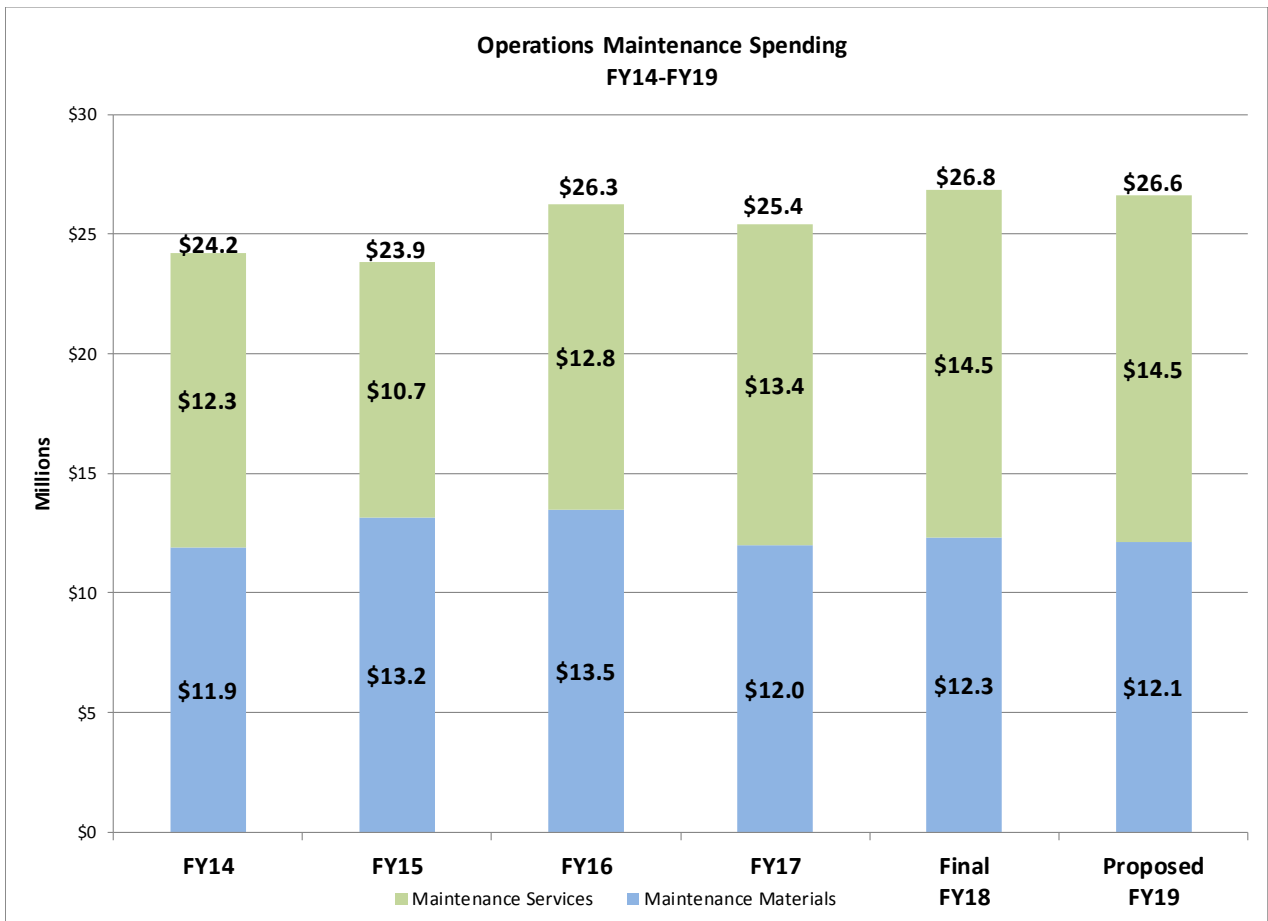
- The FY19 Budget for **Other Services** is \$18.8 million, including \$13.3 million for sludge palletization; \$1.9 million for space leases and rentals, including the Chelsea office facility; \$1.2 million for grit and screenings removal and disposal; \$770,000 for telecommunications services; \$467,000 for police details; \$251,000 for other services; and \$478,000 for memberships, dues, and subscriptions. The FY19 Budget is \$306,000 more than the FY18 Budget primarily for increased costs for sludge pelletization services of \$470,000 due to contractual inflation, offset primarily by lower telecommunications expenses of \$205,000.



Line items that decrease from the FY18 Budget include:

- The FY19 Budget for **Maintenance** is \$26.6 million, a net decrease of \$252,000 or 0.9% from the FY18 Budget primarily due to changes in project priorities from year to year. The FY19 Budget includes \$14.5

million for services and \$12.1 million for materials. By maintenance area, the largest categories of spending for materials and services include \$11.5 million for plant and machinery; \$5.1 million for building and grounds; \$3.3 million for specialized equipment; \$3.1 million for electrical; \$1.9 million for pipeline; and \$1.4 million for HVAC systems. The budget also funds special initiatives such as energy conservation projects at DITP and in the Field Operations Department facilities; invasive plant control in the water reservoirs; painting and coating upkeep at DITP and the Clinton Wastewater Treatment Plant; and easement clearing on MWRA’s aqueducts. As shown below, Maintenance spending has been fairly consistent over the last few fiscal years.



OPERATIONS ADMINISTRATION

The **Operations Administration Department** is composed of the Office of the Chief Operating Officer (COO); the Office of the Deputy Chief Operating Officer (DCOO) 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.

FY19 Proposed Current Expense Budget							
OPERATIONS ADMINISTRATION							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 2,388,095	\$ 2,407,327	\$ 2,463,659	\$ 2,993,555	\$ 529,896	21.5%	
OVERTIME	508	1,188	-	-	-	-	
TRAINING & MEETINGS	22,098	41,669	22,800	38,000	15,200	66.7%	
PROFESSIONAL SERVICES	64,483	65,300	95,001	25,000	(70,001)	-73.7%	
OTHER MATERIALS	1,741,007	1,977,472	1,932,400	1,934,050	1,650	0.1%	
OTHER SERVICES	345,742	336,645	395,580	410,275	14,695	3.7%	
TOTAL	\$ 4,561,932	\$ 4,829,600	\$ 4,909,440	\$ 5,400,880	\$ 491,440	10.0%	

FY19 Goals and Initiatives:

The Operations Administration Department's purview and function supports all the goals of the Operations Division set forth in the department budgets in the Operations, Engineering & Construction section and the Program, Policy and Planning section.

A key initiative in FY19 will be to develop the organizational structure and commence the intensive planning for implementation of the CIP-funded \$1.4 billion Metropolitan Tunnel Redundancy Program (potable water system). Plans for FY19 include hiring the program director and several staff; determining the organizational model and staffing configuration for overseeing this project; and developing a detailed plan for all phases of implementation including procurement, design, engineering, and construction.

Budget Highlights:

The FY19 Budget is \$5.4 million, an increase of \$500,000 or 10.0%, compared to the FY18 Budget.

- \$3.0 million for **Wages and Salaries**, an increase of \$500,000 or 21.5%, as compared to the FY18 Budget. The FY19 Budget supports 28.6 full-time equivalents (FTEs), an increase of five FTEs compared to 23.6 FTEs in the FY18 Budget. The increase is primarily due to the addition of five positions for the new Metropolitan Tunnel Redundancy Program. The FY19 Budget also includes the net effects of position changes and wage increases associated with collective bargaining agreements.
- \$38,000 for **Training & Meetings**, an increase of \$15,000 or 66.7% based on anticipated actual spending. This line item funds attendance at conferences for the COO, DCOO, department staff as well as division-wide attendance at major industry professional conferences held annually. The increase is primarily associated with meeting travel, conference attendance, and training for the five new positions in the tunnel redundancy program as well as recently filled professional positions in the areas of energy and regulatory oversight.

- \$25,000 for **Professional Services**, a decrease of \$70,000 or 73.7% as compared to FY18 Budget. The decrease is primarily due to reduced funding for the Mystic River Modeling Project/USGS program to reflect anticipated levels of spending. This budget line also includes a \$5,000 placeholder, \$30,000 less than in FY18, for Energy Advisory Services to provide expert advice on energy matters to support staff with energy procurements, pricing analyses and other energy projects. MWRA is reevaluating the need for energy advisory services for FY19.
- \$1.9 million for **Other Materials**, which is level funded with the FY18 Budget. The major item in this budget line is \$1.9 million for fleet vehicle replacements. Each of these vehicles are valued at less than \$100,000, the minimum value to be included in the Capital Improvement Program (CIP). At an average cost of \$30k to \$35k per vehicle, the FY 19 budget supports replacement of 54-63 vehicles which is approximately 11%-12% of the active fleet. This line item also includes division-wide funding for safety glasses and rain gear budgeted at \$30,000.
- \$410,000 for **Other Services**, an increase of \$15,000 or 3.7% as compared to FY18 Budget. The change is primarily due to increases in annual membership costs for industry organizations and the inclusion of additional funds for professional memberships for new staff in the tunnel redundancy, energy, and regulatory oversight programs. This department's budget continues to fund annual memberships in organizations such as the National Association of Clean Water Agencies (NACWA), Association of Metropolitan Water Agencies (AMWA), American Water Works Association (AWWA), and Boston NOW (focused on Boston Harbor).



aerial view of Boston Harbor

OPERATIONS, ENGINEERING & CONSTRUCTION



The Deputy Chief Operating Officer of Operations, Engineering and Construction oversees this section, which focuses on the following:

- operations and maintenance of MWRA's wastewater treatment facilities including Deer Island Wastewater Treatment Plant, Clinton Wastewater Treatment Plant, Residuals Pelletizing Facility, Combined Sewer Overflow facilities, and screenhouses;
- operations and maintenance of MWRA's wastewater distribution system including pipelines, pump stations, and other appurtenances;
- operations and maintenance of MWRA's water treatment facilities including the Carroll Water Treatment Plant serving communities in the Boston metropolitan area and the Brutsch Water Treatment Plant serving communities in the Chicopee Valley Aqueduct (CVA) Water System communities;
- operations and maintenance of the water distribution system including pipelines, pump stations, and valves;
- operations and maintenance of the wastewater and water metering system, Operations Control Centers, and Supervisory Control and Data Acquisition (SCADA) system;
- engineering and construction functions for the Operations Division; and
- energy conservation, capacity, and efficiency maintenance and capital projects.

FY19 Proposed Current Expense Budget							
OPERATIONS, ENGINEERING & CONSTRUCTION							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 59,064,518	\$ 60,488,143	\$ 63,547,546	\$ 65,022,055	\$ 1,474,509	2.3%	
OVERTIME	4,061,318	4,707,838	3,826,794	3,956,368	129,574	3.4%	
FRINGE BENEFITS	81,089	104,115	76,269	87,047	10,778	14.1%	
CHEMICALS	9,297,550	9,262,849	9,836,932	10,855,856	1,018,924	10.4%	
UTILITIES	18,604,355	20,105,722	21,591,487	21,903,801	312,314	1.4%	
ONGOING MAINTENANCE	25,825,070	24,739,757	26,036,883	25,772,391	(264,493)	-1.0%	
TRAINING & MEETINGS	112,363	121,576	137,925	163,100	25,175	18.3%	
PROFESSIONAL SERVICES	577,363	850,247	804,076	1,251,901	447,825	55.7%	
OTHER MATERIALS	1,584,675	1,555,389	1,451,207	1,484,570	33,363	2.3%	
OTHER SERVICES	18,002,497	17,155,550	17,605,577	17,895,974	290,397	1.6%	
TOTAL	\$ 137,210,798	\$ 139,091,187	\$ 144,914,696	\$ 148,393,063	\$ 3,478,367	2.4%	

The Operations, Engineering & Construction Section is composed of the Wastewater Treatment, Field Operations, and Engineering and Construction departments. In total, the budgets for these programs represent 84.9% of the Operations Division's FY19 Budget.

FY19 Proposed Current Expense Budget							
OPERATIONS, ENGINEERING & CONSTRUCTION by Programs							
PROGRAM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WASTEWATER TREATMENT	\$ 62,673,573	\$ 63,506,600	\$ 66,165,406	\$ 68,706,900	\$ 2,541,495	3.8%	
FIELD OPERATIONS	67,189,014	67,931,137	70,577,279	71,298,101	720,823	1.0%	
ENGINEERING & CONSTRUCTION	7,348,211	7,653,451	8,172,012	8,388,061	216,050	2.6%	
TOTAL	\$ 137,210,798	\$ 139,091,187	\$ 144,914,696	\$ 148,393,063	\$ 3,478,367	2.4%	

The Deputy Chief Operating Officer of Operations, Engineering and Construction also provides support to the Chief Operating Officer on key MWRA operations, technical, policy, community coordination, permitting and public constituency matters.

WASTEWATER TREATMENT

The primary function of the Wastewater Treatment Department is to collect and treat community wastewater so that it can be discharged either into the Massachusetts Bay or the South Nashua River in compliance with federal and state environmental standards. The second function of the Department is to recycle sludge to produce fertilizer and provide for the proper disposal of any materials not suitable for treatment or fertilizer.

FY19 Proposed Current Expense Budget						
WASTEWATER TREATMENT						
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
WAGES & SALARIES	\$ 19,445,011	\$ 19,690,098	\$ 20,611,057	\$ 21,043,487	\$ 432,430	2.1%
OVERTIME	1,096,446	1,471,218	1,232,667	1,194,034	(38,633)	-3.1%
FRINGE BENEFITS	24,511	34,719	25,795	27,636	1,841	7.1%
CHEMICALS	3,582,519	3,425,381	3,778,312	4,801,574	1,023,262	27.1%
UTILITIES	10,227,294	11,167,904	11,635,650	12,132,745	497,095	4.3%
ONGOING MAINTENANCE	12,729,618	12,930,197	13,887,884	13,877,784	(10,100)	-0.1%
TRAINING & MEETINGS	14,470	19,109	41,100	46,100	5,000	12.2%
PROFESSIONAL SERVICES	105,470	78,467	171,701	260,401	88,700	51.7%
OTHER MATERIALS	666,760	600,133	647,525	723,125	75,600	11.7%
OTHER SERVICES	14,781,473	14,089,373	14,133,715	14,600,015	466,300	3.3%
TOTAL	\$ 62,673,573	\$ 63,506,600	\$ 66,165,406	\$ 68,706,900	\$ 2,541,495	3.8%

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 39.3% of the Operations Division's FY19 Budget versus 38.9% in FY18.

FY19 Proposed Current Expense Budget						
WASTEWATER TREATMENT by Program						
PROGRAM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
DEER ISLAND	\$ 45,563,018	\$ 47,789,762	\$ 50,010,450	\$ 51,753,271	\$ 1,742,821	3.5%
RESIDUALS	15,158,205	14,021,204	14,079,640	14,609,609	529,969	3.8%
CLINTON	1,952,350	1,695,634	2,075,315	2,344,020	268,705	12.9%
TOTAL	\$ 62,673,573	\$ 63,506,600	\$ 66,165,406	\$ 68,706,900	\$ 2,541,495	3.8%

DEER ISLAND WASTE WATER TREATMENT PLANT

The **Deer Island Wastewater Treatment Plant** (Deer Island or DITP) budget accounts for 29.6% of the Operations Division's FY19 Budget. DITP has a peak 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 aerobic microorganisms to consume organic matter that remain in the primary effluent flow. Secondary treatment raises the level of pollution removal to over 85%. More than 100 tons of pure oxygen is manufactured each day at Deer Island's cryogenic oxygen facility to support the aerobic biological treatment process.

Sludge from primary and scum from both primary and secondary treatment is 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 at their widest point 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 for later recycling. 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 electricity. The remaining digested sludge is pumped through pipes the side wall of 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.

**FY19 Proposed Current Expense Budget
DEER ISLAND TREATMENT PLANT**

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
WAGES & SALARIES	\$ 18,646,944	\$ 18,871,339	\$ 19,752,873	\$ 20,021,779	\$ 268,906	1.4%
OVERTIME	1,038,987	1,433,754	1,176,017	1,174,034	(1,983)	-0.2%
FRINGE BENEFITS	23,620	34,063	24,795	27,036	2,241	9.0%
CHEMICALS	3,244,071	3,188,443	3,443,309	4,427,976	984,667	28.6%
UTILITIES	10,043,480	10,977,595	11,406,647	11,806,576	399,929	3.5%
ONGOING MAINTENANCE	11,787,238	12,575,450	13,363,665	13,339,665	(24,000)	-0.2%
TRAINING & MEETINGS	14,470	18,518	37,600	42,600	5,000	13.3%
PROFESSIONAL SERVICES	65,149	15,169	130,000	180,000	50,000	38.5%
OTHER MATERIALS	518,679	443,326	484,900	548,000	63,100	13.0%
OTHER SERVICES	180,380	232,105	190,645	185,605	(5,040)	-2.6%
TOTAL	\$ 45,563,018	\$ 47,789,762	\$ 50,010,450	\$ 51,753,271	\$ 1,742,821	3.5%

Organizational Structure:

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

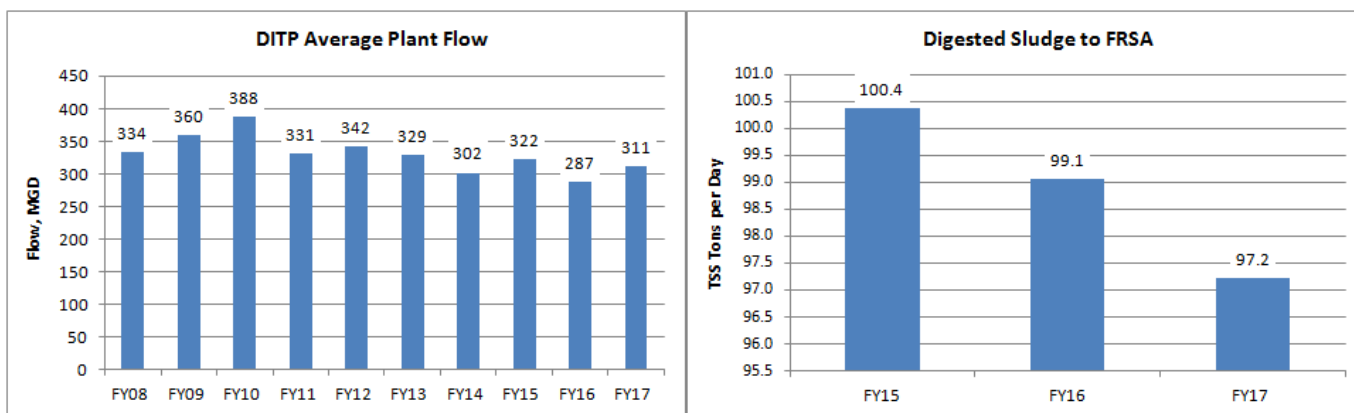
- Operations manages the day-to-day treatment operation of plant processing units, performs minor preventative maintenance activities, and oversees plant functions 24 hours per day, seven days per week.
- Thermal Power Plant manages and operates the Deer Island generation and thermal systems. Power Plant personnel provide 24-hour operation of the high-pressure, high temperature steam power plant. This facility is capable of producing up to 75 megawatts of electrical power including green energy assets with hydro-electric power, wind and solar.
- 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. Process Control 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, predictive, and corrective maintenance repairs on all equipment, utilizing a computerized maintenance management system (CMMS) to coordinate scheduling and document all work completed. 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 Operations and Maintenance. 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 DITP community and external clients, and ensures quick access to plant drawings and technical information for operational and maintenance needs.
- O&M Support 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 FY19 Final Budget assumes treatment of an average flow of 331 mgd based on ten years of historical data. The projected quantity of digested sludge to be pumped to FRSA (TSS basis) is 98.9 TPD. This is based on 3-years of recent operating data.



Deer Island’s FY19 Final Budget accounts for the impact of self-generation of electricity from the steam turbine generators (STG), combustion turbine generators (CTG), hydroelectric generators, wind turbine generators, and photovoltaic panels. 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 has administratively continued since expiring in FY05. Given the uncertainty regarding the timing of the permit renewal from the Environmental Protection Agency (EPA), Deer Island’s FY19 Final Budget assumes that a new permit will go into effect April 2019. 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 at a substantial increase in chemical quantities and cost.

FY19 Goals and Initiatives:

I. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system. Through YTD February 2018 Deer Island has meet all of its compliance goals.

- **Key Regulatory Performance Measurements:**

NPDES Permit Compliance					
Effluent Characteristic	Permit Limits	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Dry Day Flow (mgd)	436	261.1	270.6	100%	100%
cBOD (mg/L)	25	5.6	6.3	100%	100%
TSS (mg/L)	45	8.0	13.4	100%	100%
TCR (ug/L)	631	<40	<40	100%	100%
Fecal Coliform	14,000	6	6	100%	100%
pH (S.U.)	6 to 9	6.7	6.7	100%	100%
Acute Toxicity	Pass	Pass	Pass	100%	100%
Chronic Toxicity	Pass	Pass	Pass	100%	100%

II. Infrastructure Management and Resilience

- **Goal #8 – System Maintenance:** Maintain and enhance water and wastewater system assets over the long term at the lowest possible life cycle cost and acceptable risk, consistent with customer, community, and regulatory support levels. Through YTD February 2018 Deer Island has meet all of its compliance goals.

- **Key Maintenance Measurements:**

Indicator	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Critical Equipment Availability	99.7%	99.7%	100%	100%
Predictive Maintenance Completion	99.9%	99.9%	100%	100%
Predictive Maintenance - % of work orders	22%	22%	24%	24%
Maintenance Backlog	11,119 Industry	16,666 Standard	Within industry standard	Within industry standard
Preventive Maintenance Completion	99.9%	99.9%	100%	100%
Maintenance Kitting - % of work orders	51%	51%	55%	55%

- **Goal #9 – Capital Improvements:** Move forward with design and construction of major wastewater infrastructure rehabilitation and renewal projects. Through YTD February 2018 Deer Island has meet all of its compliance goals.
 - Issue Notice to Proceed for numerous contracts including the following major asset protection projects:
 - Clarifier Rehabilitation Phase 2 – Construction
 - HVAC Equipment Replacement – Construction
 - Gravity Thickener Rehabilitation - Construction
 - Miscellaneous Variable Frequency Drive Replacement - Construction
 - Sodium Hypochlorite and Bisulfite Tanks Rehabilitation - Construction
 - Substantially complete CIP construction phases for asset protection including the following:
 - Digested Sludge Pump Replacement – Phase 2
 - Butterfly valve & plug valve replacement
 - Personnel Dock Rehabilitation
 - Make substantial progress according to FY18 CIP schedule for other near-term major projects including Fire Alarm System Replacement - Design; MCC and Switchback Replacement Construction; Digester and Storage Tank Rehabilitation and Design; and Clarifier Rehabilitation Phase 2.

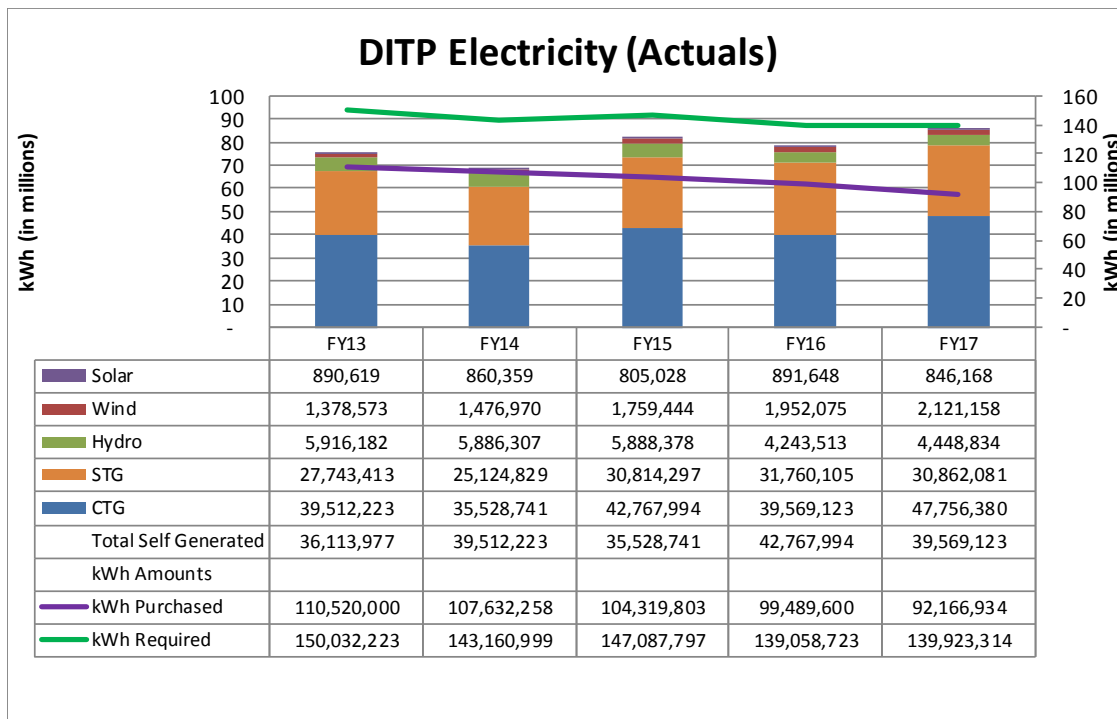
V. Environmental Sustainability

- **Goal #15 – Energy Optimization:** Continue to examine energy efficiency of MWRA operations, renewable energy production, and revenue generation opportunities using MWRA’s energy assets. Through YTD February 2018 Deer Island has meet all of its compliance goals.
 - **Key Performance Measurements and Accomplishments:**

Indicator	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
% Required Power Self-Generated - Total	28.6%	34.1%	30.0%	28.7%
% Required Power Self-Generated - Renewables	28.0%	27.3%	28.4%	27.0%
Thermal/Power Plant Digester Gas Utilization	98.8%	97.5%	98.0%	98.0%
Avoided capacity costs	\$568,509	\$959,726	~ \$500,000	~ \$500,000
Generate revenue from energy programs (RPS credits, demand response)	\$1,674,534	\$1,763,606	\$2,938,776	\$1,840,550

The decrease of \$1.1 million is attributable to a decrease in the price for demand response and for Renewable Portfolio Credits.

- Continue to implement projects to reduce energy use, increase energy revenue, decrease greenhouse gas emissions, and increase self-generation capacity, particularly via renewable energy.



FY 18 Mid-Year Accomplishments:

- Deer Island anticipates receiving the Platinum Peak Performance Award for 2017 from the National Association of Clean Water Agencies (NACWA) for the 11th continuous year. The award recognizes facilities for outstanding compliance of their National Pollutant Discharge Elimination System (NPDES) permit limits. DITP has had no permit violations for 11 years.
- Deer Island met secondary permit limits at all times, treating on average more than 99% of flows with full secondary treatment.
- More detailed information about DITP’s NPDES Permit compliance is available on the Transparency/Performance Indicator section of MWRA’s website.
- Completed numerous major maintenance projects including replacement of all ten variable frequency drives (VFD) in North Main Pump Station, replacement of scum pumps and motors, and the overhaul of four disinfection gearboxes in Liquid Train, and overhauled large odor control fans in Residuals.
- Issued Notice to Proceeds for six Asset Protection Program contracts with a total value of \$8.2 million, including the following:
 - Motor Control Center Switchgear Replacement- Design
 - As-Needed Design (three contracts)

- Substantially completed six Asset Protection Program design and construction phases totaling \$39.5 million including the following:

Budget Highlights:

The FY19 Budget is \$51.8 million, an increase of \$1.7 million or 3.5% compared to the FY18 Budget.

- \$20.0 million for **Wages and Salaries**, an increase of \$268,900 or 1.4%, compared to the FY18 Budget primarily due to wage increases associated with collective bargaining agreements. The FY19 Budget also includes \$190,800 for stand-by pay to support operational and maintenance needs primarily during storms and emergencies.
- \$1.2 million for **Overtime**, which is level funded with the FY18 Budget. The FY19 Budget is based on multi-year historical trends and supports overtime required for operational coverage, critical maintenance projects, and regulatory requirements (i.e. inspections).
- \$4.4 million for **Chemicals**, an increase of \$985,000 or 28.6% compared to the FY18 Budget. The increase is due to the net effect of usage and price adjustments. The FY19 Budget, which is based on multi-year historical usage trends and projected market prices, includes \$1.3 million for ferrous chloride, an increase of \$464,000 primarily due to an increase in price, \$1.2 million for sodium hypochlorite, \$704,000 for hydrogen peroxide, an increase of \$308,000 primarily due to increase use for odor control resulting in part from lower flows, \$341,000 for activated carbon, \$341,000 for polymer, and \$108,000 for sodium hydroxide.
- \$11.8 million for **Utilities**, an increase of \$400,000 primarily due to a \$172,000 increase in diesel fuel due to higher amount of fuel purchased and an increase in water of \$176,000 resulting for a higher rate. The Budget also incorporates usage reductions associated with implemented and planned energy efficiency projects such as the optimized steam turbine gen a decrease of \$1.2 million attributable to a decrease in the price for demand response and for Renewable Portfolio Credits erators, secondary optimization and lighting retrofits throughout the plant.
- \$13.3 million for **Maintenance**, which is level funded with the FY18 Budget. The FY19 Budget includes \$6.0 million for materials and \$7.4 million for services. Of the total, \$8.3 million or 62% is for plant and machinery services and materials, \$2.1 million is for electrical system maintenance, and \$1.6 million is for building and grounds work. The budget reflects project priorities with a particular emphasis on maintenance of critical equipment.
- \$180,000 for **Professional Services**, an increase of \$50,000 over the FY18 Budget. The budget includes \$155,000 for as-needed engineering services, an increase of \$50,000 from FY18 funds a research study land applications of bio-solids due to phosphorous runoff, and \$25,000 for environmental testing required as part of MWRA's air quality permit.
- \$548,000 for **Other Materials**, an increase of \$63,100 or 13.0% from the FY18 Budget primarily due to increases in work clothes and office furniture and equipment replacements. The FY19 Budget includes \$170,000 for health and safety materials, \$111,000 for work clothes, \$58,000 for vehicles expenses (mileage and gas), and \$37,000 for office supplies.

- \$186,000 for **Other Services**, a decrease of \$5,000 or 2.64%, from the FY18 Budget. The FY19 Budget includes \$54,000 for health and safety services, \$36,000 for telephones, \$33,000 for permit fees, \$20,000 for membership dues and subscriptions, \$15,000 for freight charges, and \$15,000 for printing services. The budget is based on historical averages for most items in this category.



Whale breaching in waters off of Deer Island Wastewater Treatment Plant

RESIDUALS

The **Residuals Management Program** manages the processing and disposal of approximately 99-102 dry tons per day (on average per year) total suspended solids (TSS) of sludge from the anaerobic digestion process at the Deer Island Wastewater Treatment Plant, as well as the disposal of grit and screenings from all MWRA facilities. 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. 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 continued to December 31, 2015. After negotiations with NEFCo, MWRA approved a revised, five-year contract extension that commenced in January 2016.
- The FY19 Budget is based on the assumption of 98.9 average tons per day (TPD; TSS basis), consistent with historical averages from recent years.
- 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.

FY19 Proposed Current Expense Budget RESIDUALS MANAGEMENT PROGRAM							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 137,835	\$ 142,831	\$ 144,699	\$ 148,628	\$ 3,929	2.7%	
ONGOING MAINTENANCE	444,885	4,000	-	-	-	-	
TRAINING & MEETINGS	-	591	3,200	3,200	-	0.0%	
PROFESSIONAL SERVICES	(2,775)	26,181	1	38,701	38,700	N/A	
OTHER MATERIALS	2,390	15,203	15,125	30,125	15,000	99.2%	
OTHER SERVICES	14,575,870	13,832,397	13,916,615	14,388,955	472,340	3.4%	
TOTAL	\$ 15,158,205	\$ 14,021,204	\$ 14,079,640	\$ 14,609,609	\$ 529,969	3.8%	

FY19 Goals and Initiatives:

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.
 - Continue marketing efforts for Bay State Fertilizer.
 - Maintain and expand local (within Massachusetts) beneficial use of MWRA's processed pellets.

- **Key Performance Measurements:**

Indicator	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Pelletize all sludge received from DITP	100%	100%	100%	100%
Average Tons Per Day Sludge (TSS basis)	99.1	97.2	99.6	98.9
Monthly Ave % Capture – Processed Sludge (goal per contract with NEFCo)	92%	92%	90%	90%
Properly dispose of grit & screenings	100%	100%	100%	100%
Annual grit and screenings tonnage	5,490	5,877	6,016	5,964

III. Infrastructure Management and Resilience

- **Goal #9 – Capital Improvements:** Move forward with design and construction of major wastewater infrastructure rehabilitation and renewal projects.
 - Substantially complete the following Residuals Asset Protection Program contracts:
 - Mechanical Improvements
 - Electrical Improvements
 - Sludge Tank and Silo Coating

FY18 Mid-Year Accomplishments:

- With support from DITP engineering staff, developed biddable specifications for all three Residual Asset Protection Program renovation projects in the FY18 Capital Improvement Program.

Budget Highlights:

The FY19 Budget is \$14.6 million, an increase of \$530,000 or 3.8%, from the FY18 Budget.

- \$149,000 for **Wages and Salaries**, an increase of \$4,000 or 2.7%, which funds one permanent position and stand-by pay to provide coverage for emergencies during off-shifts. This department also receives on-going management oversight and staff support from other departments of the MWRA including Deer Island, Treasury, and Operations Administration.
- \$39,000 for **Professional Services** in FY19 which is an increase of \$39,000 from the FY18 Budget due to the inclusion of funding for bi-annual stack testing which will be required in FY19 per regulatory requirements.
- \$14.4 million for **Other Services**, an increase of \$472,000 or 3.4% from the FY18 Budget primarily due to inflation rates for components of the sludge processing contract based on market indices. The two major items funded in the FY19 Budget include \$1.1 million for grit and screenings disposal and \$13.3 million for sludge pelletization services, both provided through contracts with private vendors. Projected FY19 budget quantities, which are based on recent historical averages, include sludge tonnage of 98.9 average tons per day (TPD) and 5,964 tons for grit and screenings.

CLINTON

The Clinton Wastewater Treatment Plant provides advanced wastewater 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. A new NPDES permit issued March 1, 2017 imposes additional requirements on phosphorus removal. As such, additional facilities are being added to meet more stringent phosphorus removal requirements and lower discharge limits.

The plant provides secondary treatment using an activated sludge process in combination with advanced nutrient removal and dechlorination. The major facilities include 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. Residual materials are pressed and transported to an MWRA-owned landfill for disposal. Staff also performs regular monitoring of the landfill site.

FY19 Proposed Current Expense Budget							
CLINTON WASTEWATER TREATMENT PROGRAM							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 660,232	\$ 675,928	\$ 713,485	\$ 873,079	\$ 159,594	22.4%	
OVERTIME	57,460	37,464	56,650	20,000	(36,650)	-64.7%	
FRINGE BENEFITS	891	656	1,000	600	(400)	-40.0%	
CHEMICALS	338,448	236,938	335,004	373,598	38,595	11.5%	
UTILITIES	183,814	190,309	229,003	326,169	97,166	42.4%	
ONGOING MAINTENANCE	497,495	350,747	524,219	538,119	13,900	2.7%	
TRAINING & MEETINGS	-	-	300	300	-	0.0%	
PROFESSIONAL SERVICES	43,096	37,116	41,700	41,700	-	0.0%	
OTHER MATERIALS	145,692	141,604	147,500	145,000	(2,500)	-1.7%	
OTHER SERVICES	25,223	24,871	26,455	25,455	(1,000)	-3.8%	
TOTAL	\$ 1,952,350	\$ 1,695,634	\$ 2,075,315	\$ 2,344,020	\$ 268,705	12.9%	

The FY19 Final Budget reflects the sixth 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 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 reporting on select processes. The redundant pumps 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.

FY19 Goals and Initiatives:

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.
 - Commence operation of new phosphorous removal facility as of May 2018 to comply with new NPDES Permit.
 - **Key Regulatory Performance Measurements:**

Effluent Characteristic	Permit Limit	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Dry Day Flow (mgd)	3.01 mgd	2.54 mgd	2.38 mgd	100%	100%
cBOD (mg/L)	20 mg/L	2.82 mg/l	3.39 mg/l	100%	100%
TSS (mg/L)	20 mg/L	4.20 mg/l	4.29 mg/l	100%	100%
TCR (mg/L)	17.6 mg/L	<0.02	<0.02	100%	100%
Fecal Coliform (#/100mL) *E.Coli 3/1/ 17	126/100mL	4.31/100ml	5.96/100mL *4.07/100mL	100%	100%
pH (S.U.)	6.5-8.3	7.4	7.32	100%	100%
Acute Toxicity	>100%	>100%	>100%	100%	100%
Chronic Toxicity	62.5%	>62.5%	25%	100%	100%
Phosphorus (mg/L)	150 ug/L 1,000 ug/L	0.26	0.29	100%	100%
Nitrogen (mg/L)	10 mg/L	0.626	0.663	100%	100%

III. Infrastructure Management and Resilience

- **Goal #8 – System Maintenance:** Maintain and enhance water and wastewater system assets over the long term at the lowest possible life cycle cost and acceptable risk, consistent with customer, community, and regulatory support levels.
 - Make substantial progress or complete major maintenance projects including:
 - Phase 1 of painting and coating will take place in FY18.
- **Goal #9 – Capital Improvements:** Move forward with design and construction of major wastewater infrastructure rehabilitation and renewal projects. DITP Capital Engineering, per Rick Adams, will provide engineering and construction oversight for the Clinton CIP Projects identified for FY18.
 - Issue Notices to Proceed for two CIP contracts:
 - Valves and Screw Pumps Replacement
 - Roofing Rehabilitation
 - Substantially complete the design and construction phases of the new phosphorous removal facility.

V. Environmental Sustainability

- **Goal #15 – Energy Optimization:** Continue to examine energy efficiency of MWRA operations, renewable energy production, and revenue generation opportunities using MWRA’s energy assets.
 - Commence operations of recently installed natural gas line to replace use of fuel oil in the facility.

FY18 Mid-Year Accomplishments:

- Clinton received the Silver Peak Performance Award in 2017 from the National Association of Clean Water Agencies (NACWA) for the second continuous year. The award recognizes facilities for outstanding compliance of their National Pollutant Discharge Elimination System (NPDES) permit limits.
- Completed numerous projects which include the following:
 - Rebuild of the trickling filter distributor column.
 - Painted the column and distributor arms.
 - Rebuild of the isolation gates.
 - Replaced wear strips and shoes on primary clarifier.
 - Replaced broken skimmer and structural support in gravity thickener
 - Replaced support brackets for skimmer box and replaced a section of weir overflow baffle on final clarifier.
 - Installed a new final effluent sampling shed and samplers.
- Substantially completed Digester Cleaning and Rehabilitation.
- Completed installation of a natural gas line to offer a cleaner source of power than fuel oil.

Budget Highlights:

The FY19 Budget for Clinton is \$2.3 million, an increase of \$269,000 or 12.9% from the FY18 Budget.

- \$873,000 for **Wages and Salaries**, an increase of \$160,000 or 22.4%, from the FY18 Budget due to wage increases associated with collective bargaining agreements and the addition of 2 FTEs. One FTE was added to address both a union and license issue relative to the operation of the Clinton landfill and to directly address a new license requirement by the Department of Public Safety. The second FTE was added to address the backlog in facilities general repair needs.
- \$20,000 for **Overtime**, a reduction of \$37,000 or 64.7% compared to FY18. Overtime is used for critical maintenance work and to meet the 24 hour, 7 days per week emergency coverage requirement. The replacement of a vacant operator position with a Supervisor position, coupled with a shift change to allow for weekend coverage by implementing, (Tues-Sat and Sun-Thurs) have contributed to the FY19 significant cut in overtime.

- \$374,000 for **Chemicals**, an increase of \$39,000 or 11.5% from the FY18 Budget. The FY19 Proposed Budget assumes the requirements of the new NPDES permit will be in effect for the entire year. The new permit requires year around limits for phosphorus discharge, which impacts primarily the use of Ferric Chloride and Polymer. Ferric Chloride and Polymer will be utilized along with a disc filter operation as part of the new phosphorus reduction facility currently under construction.
- \$326,000 for **Utilities**, an increase of \$97,000 or 42.4% from the FY18 Budget. The budget includes \$280,000 for electricity, \$34,000 for natural gas, and \$6,000 for water. The budget assumes that the plant will phase in use of the new natural gas line and phase out fuel use for the boilers. In addition, the new phosphorus reduction facility expected to be online in May 2018 results in an increase of 33.4% in electricity for the fiscal year.
- \$538,000 for **Maintenance**, an increase of \$14,000 or 2.6% from the FY18 Budget due to project priorities. The increase is mainly due to the addition of new HVAC and Electrical Service contracts.
- \$42,000 for **Professional Services**, level funded with the FY18 Budget.
- \$145,000 for **Other Materials**, a decrease of \$3,000, or essentially level funded with the FY18 Budget. This line item includes \$135,000 for clean fill for the landfill operation.
- \$25,000 for **Other Services**, a decrease of \$1,000 from the FY18 Budget, which includes \$13,000 for permit fees, \$5,000 for telephones, and \$3,300 for railroad easement expenses.



FIELD OPERATIONS

The primary function 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 Wastewater Treatment Plant.

FY19 Proposed Current Expense Budget							
FIELD OPERATIONS							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 32,407,304	\$ 33,297,171	\$ 34,899,189	\$ 35,725,208	\$ 826,019	2.4%	
OVERTIME	2,900,372	3,166,725	2,528,165	2,694,384	166,219	6.6%	
FRINGE BENEFITS	56,426	69,216	50,224	59,161	8,937	17.8%	
CHEMICALS	5,715,031	5,837,468	6,058,620	6,054,282	(4,338)	-0.1%	
UTILITIES	8,377,061	8,937,818	9,955,837	9,771,057	(184,780)	-1.9%	
ONGOING MAINTENANCE	13,094,776	11,809,325	12,149,000	11,894,607	(254,393)	-2.1%	
TRAINING & MEETINGS	86,282	85,048	87,025	104,000	16,975	19.5%	
PROFESSIONAL SERVICES	471,893	771,780	632,375	991,500	359,125	56.8%	
OTHER MATERIALS	892,777	919,149	780,397	735,510	(44,887)	-5.8%	
OTHER SERVICES	3,187,092	3,037,436	3,436,447	3,268,393	(168,054)	-4.9%	
TOTAL	\$ 67,189,014	\$ 67,931,137	\$ 70,577,279	\$ 71,298,101	\$ 720,823	1.0%	

FOD consists of five operating units: Wastewater Operations, Metropolitan Maintenance, Water Operations and Maintenance, Operations Support, and Administration.

FY19 Proposed Current Expense Budget							
FIELD OPERATIONS by Programs							
Program	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WASTEWATER OPERATIONS	\$ 13,823,886	\$ 11,950,274	\$ 12,451,202	\$ 12,491,335	\$ 40,134	0.3%	
WATER OPERATIONS & MAINT	26,896,291	29,310,282	29,937,967	30,817,550	879,584	2.9%	
METRO MAINTENANCE	16,763,160	16,714,930	17,546,244	16,954,096	(592,148)	-3.4%	
OPERATIONS SUPPORT	4,924,451	4,902,943	5,480,729	5,821,182	340,453	6.2%	
FOD ADMIN	4,781,225	5,052,709	5,161,137	5,213,937	52,800	1.0%	
TOTAL	\$ 67,189,014	\$ 67,931,137	\$ 70,577,279	\$ 71,298,101	\$ 720,823	1.0%	

Wastewater Operations operates MWRA's wastewater transport facilities, including four continuously staffed headworks facilities; twelve fully automated pumping stations; and six 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. Wastewater Operations aims to meet all operational and regulatory performance standards and requirements efficiently and cost-effectively.

**FY19 Proposed Current Expense Budget
WASTEWATER OPERATIONS**

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
WAGES & SALARIES	\$ 5,926,369	\$ 5,974,824	\$ 6,199,220	\$ 6,378,503	\$ 179,283	2.9%
OVERTIME	863,997	1,064,762	821,515	870,753	49,238	6.0%
FRINGE BENEFITS	14,840	23,196	13,000	16,847	3,847	29.6%
CHEMICALS	209,671	255,031	295,608	318,199	22,591	7.6%
UTILITIES	3,970,430	4,209,927	4,935,114	4,722,576	(212,538)	-4.3%
ONGOING MAINTENANCE	2,586,587	250,595	-	-	-	-
PROFESSIONAL SERVICES	38,510	-	-	-	-	-
OTHER MATERIALS	70,482	42,412	53,499	53,499	-	0.0%
OTHER SERVICES	142,999	129,526	133,245	130,958	(2,287)	-1.7%
TOTAL	\$ 13,823,886	\$ 11,950,274	\$ 12,451,202	\$ 12,491,335	\$ 40,134	0.3%

Water Operations and

Maintenance operates and maintains the water supply and treatment facilities to provide an adequate supply of properly treated drinking water to meet all operational and regulatory performance requirements. The Unit is responsible for the treatment and delivery of approximately 196.3 million gallons per day (FY15-FY17 three-year average mgd) of water from the Quabbin and Wachusett reservoirs to the community water



systems. Water must be supplied to customer communities at the expected pressure. 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 Metro West 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 office Facility and the Western Operations Center is located at the Carroll Water Treatment Plant.

FY19 Proposed Current Expense Budget							
WATER OPERATIONS & MAINTENANCE							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 12,274,313	\$ 12,700,855	\$ 13,226,922	\$ 13,379,697	\$ 152,775	1.2%	
OVERTIME	1,173,244	1,137,233	1,035,333	1,061,730	26,397	2.5%	
FRINGE BENEFITS	24,875	25,256	22,524	24,521	1,997	8.9%	
CHEMICALS	5,505,361	5,581,956	5,763,012	5,736,083	(26,929)	-0.5%	
UTILITIES	3,909,903	4,191,782	4,461,934	4,516,382	54,448	1.2%	
ONGOING MAINTENANCE	3,095,252	4,574,417	4,279,792	5,010,590	730,798	17.1%	
PROFESSIONAL SERVICES	267,474	384,279	518,500	464,500	(54,000)	-10.4%	
OTHER MATERIALS	223,490	229,030	208,170	209,877	1,707	0.8%	
OTHER SERVICES	422,381	485,474	421,780	414,170	(7,610)	-1.8%	
TOTAL	\$ 26,896,291	\$ 29,310,282	\$ 29,937,967	\$ 30,817,550	\$ 879,584	2.9%	

Metro Maintenance is responsible for the maintenance of MWRA's wastewater facilities within the Route 128 area. Staff maintains pipelines, valves, interceptors, pumps, facility equipment, buildings, and grounds, as well as meters, and monitoring sites.

FY19 Proposed Current Expense Budget							
METRO MAINTENANCE							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed Budget	FY19 to FY18		
WAGES & SALARIES	\$ 9,047,558	\$ 9,329,839	\$ 10,001,991	\$ 10,139,421	\$ 137,430	1.4%	
OVERTIME	736,601	821,477	541,781	627,076	85,295	15.7%	
FRINGE BENEFITS	15,602	19,408	13,698	16,717	3,019	22.0%	
CHEMICALS	-	(3)	-	-	-	-	
UTILITIES	40,475	39,769	38,503	38,503	-	0.0%	
ONGOING MAINTENANCE	6,153,042	5,724,884	6,326,781	5,468,568	(858,213)	-13.6%	
PROFESSIONAL SERVICES	165,909	239,401	90,875	150,000	59,125	65.1%	
OTHER MATERIALS	316,423	322,870	290,672	288,938	(1,734)	-0.6%	
OTHER SERVICES	287,550	217,285	241,943	224,873	(17,070)	-7.1%	
TOTAL	\$ 16,763,160	\$ 16,714,930	\$ 17,546,244	\$ 16,954,096	\$ (592,148)	-3.4%	

Operations Support provides technical support to the 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.

**FY19 Proposed Current Expense Budget
OPERATIONS SUPPORT**

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
WAGES & SALARIES	\$ 3,489,418	\$ 3,559,816	\$ 3,627,991	\$ 3,848,946	\$ 220,955	6.1%
OVERTIME	79,316	79,161	82,339	86,448	4,109	5.0%
FRINGE BENEFITS	1,085	1,282	1,002	1,076	74	7.4%
CHEMICALS	-	484	-	-	-	-
UTILITIES	11,208	9,252	10,281	10,281	-	0.0%
ONGOING MAINTENANCE	830,262	608,250	919,200	931,330	12,130	1.3%
PROFESSIONAL SERVICES	-	148,101	-	354,000	354,000	-
OTHER MATERIALS	86,114	107,457	153,919	108,060	(45,859)	-29.8%
OTHER SERVICES	427,049	389,141	685,997	481,041	(204,956)	-29.9%
TOTAL	\$ 4,924,451	\$ 4,902,943	\$ 5,480,729	\$ 5,821,182	\$ 340,453	6.2%

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

**FY19 Proposed Current Expense Budget
FOD ADMIN**

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
WAGES & SALARIES	\$ 1,669,647	\$ 1,731,837	\$ 1,843,065	\$ 1,978,640	\$ 135,575	7.4%
OVERTIME	47,212	64,093	47,197	48,377	1,180	2.5%
FRINGE BENEFITS	24	74	-	-	-	-
UTILITIES	445,045	487,088	510,004	483,314	(26,690)	-5.2%
ONGOING MAINTENANCE	429,633	651,178	623,227	484,119	(139,108)	-22.3%
TRAINING & MEETINGS	86,282	85,048	87,025	104,000	16,975	19.5%
PROFESSIONAL SERVICES	-	-	23,000	23,000	-	0.0%
OTHER MATERIALS	196,268	217,381	74,137	75,136	999	1.3%
OTHER SERVICES	1,907,114	1,816,010	1,953,482	2,017,351	63,869	3.3%
TOTAL	\$ 4,781,225	\$ 5,052,709	\$ 5,161,137	\$ 5,213,937	\$ 52,800	1.0%

FY19 Goals and Initiatives:

I. Drinking Water Quality and System Performance

- **Goal #1 – Compliance with Regulatory Requirement and Public Health Standards:** Maintain drinking water quality to protect public health, and continue to ensure that MWRA water meets all applicable regulations.
 - Operate and maintain the water supply and treatment facilities to provide an adequate supply of properly treated drinking water to meet all operational and regulatory performance requirements.
 - Supply water to customer communities at the expected pressure.

○ **Key Regulatory Performance Measurements:**

Compliance with Source and Treated Water Parameters				
Indicator	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Turbidity < 5NTU	100%	100%	100%	100%
pH >9.1 & Alkalinity >37 mg/l	100%	100%	100%	100%
Disinfection Effectiveness	100%	100%	100%	100%

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.

○ **Key Regulatory Performance Measurements:**

Regulatory Compliance and Operational Capacity				
Indicator	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Total annual flow (billion gallons based on DITP mgd) – Process all flow at headworks within system parameters	105,861	116,681	122.5k	122.5k
Minimize choking at headworks (# of hours/highly dependent on weather):				
Nut Island	0	0	0	0
Columbus Park	36.3	28.3	0	0
Ward Street	20.4	17	0	0
Chelsea Creek	10.0	12.9	0	0

III. Infrastructure Management and Resilience

- **Goal #8 – System Maintenance:** Maintain and enhance water and wastewater system assets over the long term at the lowest possible life cycle cost and acceptable risk, consistent with customer, community, and regulatory support levels.
 - Complete numerous major maintenance projects including:
 - Pump Overhauls IPS, Quincy PS, Hayes PS, Hingham PS
 - Suction and Discharge Valve replacement Hingham PS
 - VFD Upgrades Hingham, and IPS
 - Motor replacement/overhaul IPS
 - Air Handling Unit replacement Squantum PS, Quincy PS and DeLauri PS
 - Boilers replacement Chelsea Screen House and Hayes Pump Station
 - Wash down piping replacement at Prison Point CSO
 - Install generator docking station at IPS

- **Key Maintenance Measurements:**

Indicator	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
% Total Revenue Calculated Using Meters				
Water	99.95%	97.87	100%	100%
Wastewater	97.9%	98.73	95%	95%
Water System:				
Leak Detection - miles surveyed)	175	140	210	210
Main Line Valves - # exercised	524	811	1,100	1,100
Main Line Valves - # replaced	11	17	2	20
Blow-off Valves - # exercised	318	473	301	500
Blow-off Valves - # maintained	10	7	3	10
Wastewater System:				
Pipeline Inspections – miles	36	33	16.90	32
Pipeline Cleaning – miles	39	36	18.23	36
Structure Inspections - # structures	818	719	392	650
Manhole Rehabilitation - # manholes	105	115	134	105
Inverted Siphon Inspections - # siphons	48	49	17	48
Inverted Siphon Cleaning - # siphons	72	81	29	36
Metro Maintenance – Equipment and Facilities:				
Ops Light Preventive Maint (PM) - % maint hours	14%	15%		10%-15%
Preventive Maintenance Completion	100%	100%		100%
Maint Kitting – % work orders kitted	234	267		50
Ops Light Maint % PM Completion	100%	100%		100%
Maintenance Backlog – crew hours	19,003	10,815	Within industry standard 6.5k to 12.9k hours	Within industry standard 6.5k to 12.9k hours

- *Maint Kitting: FY16-17 based on items kitted, FY18 –FY19 based on % of work orders kitted

V. Environmental Sustainability

- **Goal #15 – Energy Optimization:** Continue to examine energy efficiency of MWRA operations, renewable energy production, and revenue generation opportunities using MWRA’s energy assets.
 - Continue to implement projects to reduce energy use, increase energy revenue, decrease greenhouse gas emissions, and increase self-generation capacity, particularly via renewable energy.
 - A review of previously audited facilities will also be undertaken to identify potential energy efficiency projects.

○ **Key Performance Measurements:**

Indicator	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Goal
Energy programs - Generate revenue from FOD-managed facilities:				
Power Sales	\$287,000	\$254,000	\$557,000	\$677,000
Demand Response	\$46,000	\$46,000	\$34,216	\$105,000
Renewable Portfolio Standard Credits	\$515,000	\$263,000	\$155,997	\$352,000

FY18 Mid-Year Accomplishments:

Water System

- Continued invasives removal work in the Stillwater Basin, Sudbury Reservoir, and Chestnut Hill Reservoir among others, as well as identify and respond to new colonizing invasive plants across the reservoir system.

Wastewater Pumping

- The #1 screen was repaired at the Alewife Pump Station. This project turned over to a contractor working at the facility.
- Braintree-Weymouth raw wastewater pump #3 was removed and replaced with the spare pump.
- An upgraded UPS system was installed at the Caruso, DeLauri and Intermediate Pump Stations.
- At Hayes Pump Station, Pump #1's rotating assembly was removed, replaced, and a waterless mechanical seal was installed.
- An upgraded gas detection system as well as an overhauled screen conveyor was installed at the Intermediate Pump Station.

CSO

- In Channels 1 and 2, Vaughn Chopper Pumps were installed at the Somerville Marginal CSO.
- An upgraded gas detection system was installed at the Prison Point CSO. Staff also removed and replaced the river water strainer.
- At the BOS019 station, the dewatering pumps 1 and 2 were replaced.
- The entry hatches of the South Boston CSO Vent Building were repaired.

Headworks

- There was a complete overhaul of the #1 channel grit collection system at Chelsea Creek. Work was rolled into the work being done by the contractor at the station
- At Columbus Park and Ward Street, staff installed a split Air Conditioning System in the office, as well as acid washed scrubbers.
- Extensive work was performed by maintenance staff at the Nut Island Headworks including installing a radio repeater, an upgraded UPS Odor Control and gas detection system. All non-explosion proof emergency lighting was upgraded to LED by staff, who also replaced ten Emergency Eye Washing Units. Activated Carbon was installed on the shaft inlet, discharge structure vents, and the building ventilation exhaust. Maintenance staff conjointly installed and tested the facility Emergency Generator Load Bank. Building and Grounds staff pruned over 30 trees throughout the fiscal year.

Water Facilities

- New access hatches were fabricated and installed at the Bellevue Tank.
- At the Spring Street Pump Station, the rotating assembly and seals of pump #2 and #4 were removed and replaced.
- New heating boilers were commissioned at both the Gillis and Newton Street Pump Stations.
- At the Gillis Pump Station, staff replaced pump #6's drive shaft, additionally removing and replacing the rotating assembly. Staff also replaced pump #5's actuator.
- The motor of pump #1 was removed and replaced at the Newton Street Pump Station. The air conditioning compressor was replaced at the Lexington Street Pump Station.
- Maintenance staff replaced the o-rings of surge control valve #2 and installed a new VFD for Pump # 1 of the Belmont Pump Station.
- At the Chestnut Hill Underground Pump Station, an electrical cable tray and cable upgrade was installed and commissioned.
- At the Reservoir Road Pump Station, a new MCC was installed.
- Mixer in the Turkey Hill tank was installed.

Grounds/Facilities

- Grounds crews cleared Section 80 in Needham for Water Pipeline.

Energy Conservation

- Completed energy efficient LED lighting replacements at four facilities for a total of approximately 300,000 kWh annually.

Budget Highlights:

The FY19 Budget is \$71.3 million, an increase of \$721,000 million or 1.0% from the FY18 Budget.

- \$35.7 million for **Wages and Salaries**, an increase of \$826,000 million or 2.4%, from the FY18 Budget mainly due to wage increases associated with collective bargaining agreements. The FY18 Final Budget also includes \$447,000 for stand-by pay to ensure support for operational and maintenance needs during wet weather and emergencies and \$53,000 for interns to provide support in several areas including Operations Engineering and SCADA.
- \$2.7 million for **Overtime**, an increase of \$166,000 or 6.6% from the FY18 Budget. The FY19 Budget for overtime, which incorporates collective bargaining increases, includes \$1.3 million for emergency related overtime; \$716,000 for planned overtime; and \$617,000 for operational coverage needs. The budget for emergency overtime is increasing slightly to reflect an increased mobilization for wet weather, and a significant increase in water line repair work.
- The FY19 Budget includes \$6.1 million for **Chemicals**, which is level funded with the FY18 Budget. The budget includes \$5.8 million for water treatment chemicals and \$318,000 for wastewater treatment chemicals and is based on multi-year historical usage trends and projected market prices. The Budget includes \$3.4 million for Soda Ash, \$1.3 million for Sodium Hypochlorite, \$370,000 for Liquid Oxygen, \$322,000 for Carbon Dioxide, \$236,000 for Hydrofluosilic Acid, \$182,000 for Aqua Ammonia, \$103,000 for Sodium Bisulfite, \$90,000 for Other Oxidizers, and \$39,000 for Sodium Hydroxide.

- \$9.8 million is included for **Utilities**, which is \$185,000 or 1.9% lower than the FY18 Budget. The FY19 Budget includes \$7.5 million for electricity, \$1.2 million for diesel fuel, \$559,000 for natural gas, \$494,000 for water and \$59,000 for propane. The largest change is in electricity which decreased by \$109,000 due to price increases offset by volume decreases at various facilities, and in diesel fuel which decreased due to a reduction in the assumption for the per gallon price for FY19 relative to FY18 from \$2.35 per gallon to \$2.25 per gallon.
- \$11.9 million for **Maintenance**, a decrease of \$254,000 or 2.1% from the FY18 Budget due to project priorities and projected needs. The FY18 Final Budget includes \$4.9 million in day-to-day needs, \$4.2 million for services, \$2.3 million in major projects, and \$450,000 for energy initiatives. Some of the major projects included for the FY18 Final Budget are:

Manhole Rehabilitation	\$329,000
Invasives Control – Stillwater Basin DASH	\$185,000
Tank Cleaning at Norumbega	\$150,000
Overhaul rotating assemblies at Quincy and Hayes	\$ 80,000
Upgrade VFDs at Framingham	\$ 85,000

- \$104,000 for **Training and Meetings**, an increase of \$17,000 or 19.5% from the FY18 Budget. The budget covers training required for work duties, health and safety compliance, job-related licensures and certifications, cyber-security and SCADA technical training. The increase in FY19 is attributable to the evolving realm of cyber security and the need for SCADA staff to maintain current skill sets.
- \$992,000 for **Professional Services**, an increase of \$359,000 or 56.8% from the FY18 Budget primarily due to consultant services for a SCADA project to configure new firewalls, newly acquired security software and data modules. The FY19 Proposed Budget includes \$772,000 for engineering services, which is made up of \$225,000 for as-needed engineering services to support CEB-funded maintenance projects; \$180,000 for an asset maintenance plan for MWRA dams; \$354,000 for a consultant to configure SCADA firewalls, software, data modules and microwave communications equipment; and \$13,000 for evaluation of spill prevention, control and countermeasure plans. Additionally, the professional Services budget includes \$109,000 for an annual Macrophyte survey at the reservoirs; \$97,000 for quality assurance services for Macrophyte harvesting; and \$10,000 for energy audits at various facilities.
- \$736,000 for **Other Materials**, a decrease of \$45,000 or 5.6% from the FY18 Budget primarily due to Costs for SCADA software maintenance service being moved to maintenance. The FY18 Final Budget includes \$114,000 for vehicle expenses for gas, mileage reimbursements, and tolls; \$268,000 for work clothes; and \$210,000 for health and safety supplies.
- \$3.3 million for **Other Services**, a decrease of \$168,000 or 4.9%, from the FY18 Budget primarily due to a reduction in telephone services reflecting more recent actual spending levels, offset in part by an increase of \$62,000 to the Chelsea office building. The FY19 Budget includes \$2.0 million for annual lease payments for the Chelsea office building; \$654,000 for telephones, and \$458,000 for police details.

ENGINEERING AND CONSTRUCTION

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: 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. In accordance with the CIP, the Department plans and implements the 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.

The **Wastewater Engineering Unit** manages all wastewater design and engineering projects including Combined Sewer Overflow (CSO) engineering activities as well as specialized technical services in electrical, structural, mechanical, and civil engineering disciplines.

The **Water Engineering Unit** manages all water design and engineering projects. The unit also maintains the Design Information Services Center (DISC), which provides computer-aided design and drafting (CADD) services.

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.

FY19 Proposed Current Expense Budget							
ENGINEERING AND CONSTRUCTION							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 7,212,203	\$ 7,500,875	\$ 8,037,300	\$ 8,253,360	\$ 216,061	2.7%	
OVERTIME	64,500	69,895	65,962	67,950	1,988	3.0%	
FRINGE BENEFITS	152	180	250	250	-	0.0%	
ONGOING MAINTENANCE	676	235	-	-	-	-	
TRAINING & MEETINGS	11,610	17,418	9,800	13,000	3,200	32.7%	
OTHER MATERIALS	25,138	36,107	23,285	25,935	2,650	11.4%	
OTHER SERVICES	33,932	28,741	35,415	27,566	(7,849)	-22.2%	
TOTAL	\$ 7,348,211	\$ 7,653,451	\$ 8,172,012	\$ 8,388,061	\$ 216,050	2.6%	

FY19 Goals and Initiatives:

The Engineering and Construction Department has significant responsibility for the following MWRA goals included in the Board-approved FY16 - FY20 Five-Year Strategic Business Plan.

I. Wastewater Quality and System Performance

- **Goal #6 – CSO Plan Compliance:**

- Complete all CSO milestones by 2020 and demonstrate that the CSO Plan meets its performance objectives. Ensure compliance with CSO NPDES permit requirements.
- Finalize scope, procure consultant contract and issue notice to proceed for court-ordered CSO post-construction monitoring and performance assessment (January 2018 and December 2020 milestones).

III. Infrastructure Management and Resilience

- **Goal #9 – Capital Improvements:** Move forward with design and construction of major wastewater infrastructure rehabilitation and renewal projects.

- Issue Notices to Proceed for numerous contracts including the following major projects (contract value \geq \$3 million):
 - Interception & Pumping Facility Asset Protection: Prison Point Rehabilitation Construction
 - Water Distribution: Northern Low Service: Section 50 & 57 Water and Sections 21, 20 & 19 Sewer Rehabilitation Construction
 - Interception & Pumping Facility Asset Protection: Ward Street and Columbus Park Headworks – Design/CA/RI
 - Water Transmission: Metropolitan Tunnel Redundancy: Conceptual Design/Environmental Impact Review
 - Water Distribution: Peabody Pipeline Project – Construction
 - Water Distribution: New Connection Mains – Shaft 7: CP3 Section 23, 24 & 47 Rehabilitation
 - Water Transmission: Metropolitan Redundancy Interim Improvements: Commonwealth Avenue Pump Station Improvements – Construction
 - Water Transmission: Metropolitan Redundancy Interim Improvements: Chestnut Hill Emergency Pump Station Design/CA/RI
 - Water Transmission: Metropolitan Redundancy Interim Improvements: Tops of Shaft Interim Improvements – Construction
 - Interception & Pumping Facility Asset Protection: Interceptor Renewal 3, Dorchester Interceptor Sewer – Construction
 - Interception & Pumping Facility Asset Protection: Fuel Oil Tank Replacement – Construction Phase 1
 - Water Distribution: New Connection Mains- Shaft 7: Replacement Sections 25, 75, 59 & 60 Design/CA/RI
 - Water Facility Asset: Steel Tank Improvements – Design/CA/RI
 - Water Transmission: Metropolitan Redundancy Interim Improvements: Wachusett Aqueduct Supply Mains/Spot Pond Supply Main Pressure Reducing Valve Design/CA/RI
- Substantially complete CIP design and construction phases including the following (contract value \geq \$3 million):
 - Water Transmission: Cosgrove Tunnel Redundancy: Wachusett Aqueduct Pump Station - Construction
 - Water Distribution Northern Intermediate High Redundancy and Storage: Sections 89 & 29 Phase 1C Construction

- Water Distribution Southern Extra High Redundancy and Storage: Redundancy Pipeline Section III Phase 1 – Construction
 - Waterworks Facility Asset Protection: Steel Tanks Construction Belleview, Turkey Hill, Deer Island
- **Goal #10 – Emergency Preparedness:** Prepare for catastrophic events that could affect the water and wastewater delivery systems.
 - Continue to improve and incorporate redundancy in the water system to ensure uninterrupted service by developing and implementing plans to eliminate or mitigate single points of failure within MWRA’s water transmission and distribution system, including the Northern Intermediate High, the Southern Extra High, and the Metro Tunnels System.
 - Determine and implement the organizational structure for management of this mega- program.
 - Make substantial progress on interim work on Wachusett Aqueduct Pump Station, Northern Intermediate High Section 110, and Southern Extra High Section 111 Boston pipeline project.

FY18 Mid-Year Accomplishments

- Issued Notices to Proceed for numerous contracts including the following major contracts (contract value => \$3 million):
 - Water Distribution Northern Intermediate High Redundancy and Storage: Section 89 & 29 Redundancy Construction Phases 2
 - Water Distribution Southern Extra High Redundancy & Storage: Redundancy Pipeline Section 111 Phase 2 Construction
 - Water Distribution Northern Low Service Rehabilitation Section 8: Sec 50 & 57 Water & Section 21, 20 & 19 Sewer Design/ESD
- Substantially completed numerous design and construction phases including the following (contract value => \$3 million):
 - CSO Community Managed: Cambridge Sewer Separation –Design/CS/RI

For an in-depth update of the progress of projects in the Capital Improvement Program, please refer to the Fiscal Year 2018 Mid-Year Capital Improvement Program Spending Report located on the Budget page of the MWRA’s website at mwra.com.

Budget Highlights:

The FY19 Budget is \$8.4 million, an increase of \$216,000 or 2.6%, as compared to the FY18 Budget.

- \$8.3 million for **Wages and Salaries**, an increase of \$216,000 or 2.7% compared to the FY18 Budget primarily for wage increases associated with collective bargaining agreements.
- \$68,000 for **Overtime**, which is based on anticipated overtime for FY19, and is essentially level funded with FY18 once salary increases are taken into consideration. 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.

- \$13,000 for **Training & Meetings** to cover attendance at conferences and technical seminars, an increase of \$3,200 or 32.7% over FY18 based on actual historical expenditures.
- \$26,000 for **Other Materials**, an increase of \$2,650 or 11.3% compared to the FY18 Budget. The FY19 Budget is based on historical spending with the increase primarily in office supplies due to the replacement of the OCE copier which uses more expensive color ink and a higher quality paper. The budget also covers work clothes, health and safety supplies, and survey equipment.
- \$28,000 for **Other Services**, a decrease of \$7,800 or 22.1% compared to the FY18 Budget. The FY19 Budget decrease is based on MIS picking up the annual maintenance cost for the new OCE copier. The remaining of the funding is based on historical spending and supports printing/duplicating, telephone expenses, memberships and dues, and police details.



Bellevue Storage Tanks

PROGRAMS, POLICY AND PLANNING

Programs, Policy & Planning

Toxic Reduction and Control
Environmental Quality
Laboratory Services
Planning

The Deputy Chief Operating Officer of Programs, Policy, and Planning oversees this section, which focuses on the following:

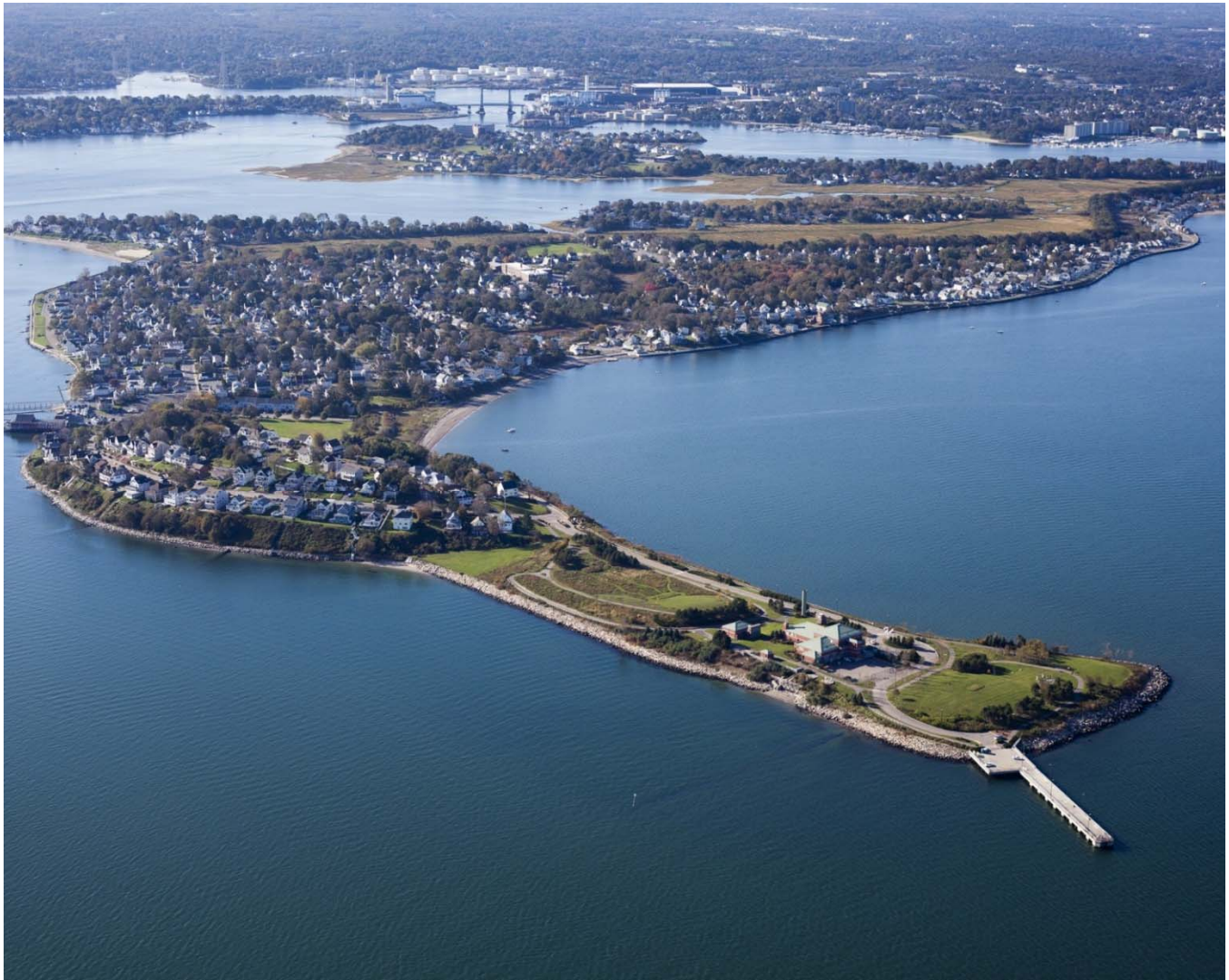
- Master planning, business planning, and strategic initiatives (such as system expansion);
- Environmental programs and regulatory coordination;
- Water and wastewater quality testing and reporting;
- Divisional budget preparation and monitoring;
- Financial planning and analysis;
- Accounts payable and contract administration;
- Human resources management functions; and
- Energy audits, reporting, program evaluation, and analysis.

FY19 Proposed Current Expense Budget PROGRAMS, POLICY & PLANNING							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 13,964,566	\$ 14,517,773	\$ 15,483,440	\$ 15,943,226	\$ 459,786		3.0%
OVERTIME	188,350	166,740	200,949	210,215	9,266		4.6%
FRINGE BENEFITS	2,652	1,938	2,546	2,550	4		0.2%
UTILITIES	23,842	31,547	24,500	30,000	5,500		22.4%
ONGOING MAINTENANCE	431,182	665,252	806,106	819,405	13,299		1.6%
TRAINING & MEETINGS	30,666	19,353	40,000	44,500	4,500		11.3%
PROFESSIONAL SERVICES	1,599,057	1,667,749	1,763,568	1,851,712	88,144		5.0%
OTHER MATERIALS	1,686,670	1,516,432	1,587,042	1,665,987	78,945		5.0%
OTHER SERVICES	419,585	402,540	502,148	503,393	1,245		0.2%
TOTAL	\$ 18,346,571	\$ 18,989,324	\$ 20,410,299	\$ 21,070,988	\$ 660,689		3.2%

The Programs, Policy & Planning Section is composed of the Toxic Reduction and Control, Environmental Quality (EnQual), Laboratory Services, and Planning departments. The Environmental Quality Department has two units; EnQual-Wastewater and EnQual-Water Quality Assurance. The Planning Department also has two units; Planning and Meter Data. In total, the budgets for these programs represent 12.0% of the Operations Division's FY19 Budget.

FY19 Proposed Current Expense Budget						
PROGRAMS, POLICY & PLANNING by Program						
PROGRAM	FY16	FY17	FY18	FY19	Change	
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18	
TOXIC REDUCTION & CONTROL	\$ 3,929,956	\$ 4,082,703	\$ 4,588,633	\$ 4,682,492	\$ 93,859	2.0%
ENVIRONMENTAL QUALITY	4,837,375	4,985,180	5,122,514	5,485,624	363,110	7.1%
LABORATORY SERVICES	6,264,136	6,386,856	6,988,758	7,109,151	120,393	1.7%
PLANNING	3,315,104	3,534,585	3,710,394	3,793,721	83,327	2.2%
TOTAL	\$ 18,346,571	\$ 18,989,324	\$ 20,410,299	\$ 21,070,988	\$ 660,689	3.2%

The Deputy Chief Operating Officer of Programs, Policy, and Planning also provides support to the Chief Operating Officer on key MWRA operations, technical, policy, community coordination, permitting, and public constituency matters.



Nut Island Headworks

TOXIC REDUCTION AND CONTROL

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.

FY19 Proposed Current Expense Budget TOXIC REDUCTION AND CONTROL							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 3,719,990	\$ 3,873,404	\$ 4,372,270	\$ 4,463,799	\$ 91,529	2.1%	
OVERTIME	69,228	57,646	73,185	75,015	1,830	2.5%	
FRINGE BENEFITS	1,419	914	1,200	1,200	-	0.0%	
ONGOING MAINTENANCE	16,438	9,899	11,500	12,000	500	4.3%	
TRAINING & MEETINGS	-	600	1,500	1,500	-	0.0%	
OTHER MATERIALS	114,810	126,000	115,978	115,978	-	0.0%	
OTHER SERVICES	8,070	14,240	13,000	13,000	-	0.0%	
TOTAL	\$ 3,929,956	\$ 4,082,703	\$ 4,588,633	\$ 4,682,492	\$ 93,859	2.0%	

FY19 Goals and Initiatives:

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.
 - Continue to carry out the Pretreatment Program to protect receiving water quality, maximize the beneficial reuse of wastewater residuals, and protect workers and MWRA’s wastewater treatment plants.
 - Ensure compliance with MWRA and Federal regulations by issuing appropriate enforcement actions as outlined in the Enforcement Response Plan.
 - Finalize the physical move of the 8M and Direct Connection permit process and personnel into TRAC.
 - Staff will implement the approved local limits applicable to the industrial users in the Clinton service area under the requirements of the new National Pollution Discharge Elimination System (NPDES) permit for the Clinton Wastewater Treatment Plant.
 - TRAC staff will utilize the Pre-treatment Information Management System (PIMS) software to schedule and track work, as well as to draft permits and track permit requirements. Sampling required by permits is entered into the PIMS system by permittees’ contract laboratories. This electronic reporting system is subject to EPA’s Cross Media Electronic Reporting Rule (CROMERR) and as such, needs to be upgraded to meet the requirements of the rule. TRAC staff are working with MWRA’s MIS staff to ensure that the PIMS system meets these requirements. TRAC and MIS are on schedule to complete this requirement for FY18.

- TRAC staff will comply and implement the new EPA mandated final rule regarding dental amalgam regulations.
- **Goal #5 – Regulatory Changes:** Continue to initiate plans and studies to prepare for regulatory changes; identify opportunities to refine monitoring requirements; and improve effluent quality.
 - **Local Limits:**
 - Prepare updated Local Limits Studies for Clinton and Deer Island in accordance with EPA guidelines to confirm appropriate discharge limits from industries.
 - Continue to collect samples for use in update of DITP local limits when new DITP NPDES permit is issued in future.

FY18 Mid-Year Accomplishments:

- During FY17, TRAC implemented a revised procedure for scheduling industrial user inspections. The goals of the revised procedure were to increase staff field presence, strengthen TRAC’s industrial survey and keep information on industrial users current. The changes increased the number of industrial inspections by over 100% during FY17. The increased inspections identified changes in industry’s discharges to the sewer system and companies that have gone out of business since their last inspections which helped make TRAC permits and industrial database more accurate.
- MWRA submitted the Annual Industrial Waste report detailing its pretreatment program activities to US EPA and Mass DEP as required by our NPDES Permits for the Clinton and Deer Island Wastewater Treatment Plants by its October 31, 2017 due date.
- In October 2017, TRAC Staff sent letters to its Significant Industrial Users (SIUs) to transmit their FY17 compliance status and preliminary annual charges. The letters provide an opportunity for each SIU to review the data upon which the charges are based and submit any changes. They also inform the SIUs if they are in Significant Noncompliance with MWRA/EPA standards or requirements.
 - Local Limits: Submitted reassessment for new Clinton permit local limits in August, 2017.

Indicators	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal Actual
EPA Required SIU Monitoring Events	179	181	184	189
Non-SIU Monitoring Events	139	96	36	88
SIU Connections to be Sampled	381	403	397	381
EPA Required SIU Inspections	204	202	199	253
SIU Permits due to Expire	92	56	56	75
Non-SIU Permits due to Expire	235	231	152	225
Issue Annual Industrial Pretreatment Program Report	Oct 2015	Oct 2016	Oct 2017	Oct 2014

Budget Highlights:

The FY19 Budget is \$4.7 million, an increase of \$94,000 or 2.1%, from the FY18 Budget.

- \$4.5 million for **Wages & Salaries**, an increase of \$92,000 or 2.1% from the FY18 Budget primarily for wage increases associated with collective bargaining agreements. The budget also includes \$40,000 for stand-by pay for wet weather sampling events.
- \$75,000 for **Overtime**, an increase of \$1,800 or 2.5% from the FY18 Budget primarily for wage increases associated with collective bargaining agreements. Overtime covers sampling and monitoring during off-hours, emergencies, and wet weather events.
- \$12,000 for **Ongoing Maintenance**, level funded with the FY18 Budget. This funds sampling equipment, materials, and maintenance of equipment used in sampling industrial discharges at permitted industries.
- \$116,000 for **Other Materials**, level funded with the FY18 Budget. Funding in this line item mainly supports lab and testing supplies, health and safety materials, and work clothes.
- \$13,000 for **Other Services**, level funded with the FY18 Budget. This line item also funds printing costs for regulations, public advertising of industrial users in Significant Noncompliance, and police details for sampling work done in public streets.

ENVIRONMENTAL QUALITY

The core functions of the Environmental Quality Department are to monitor and report on the quality of drinking water and to ensure compliance with regulatory reporting requirements governing drinking water; to monitor wastewater and the receiving water environment as laid out in the Ambient Monitoring Plan; and to ensure compliance with regulatory reporting requirements governing wastewater treatment and discharges.

FY19 Proposed Current Expense Budget ENVIRONMENTAL QUALITY							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 2,865,105	\$ 3,007,637	\$ 3,126,582	\$ 3,345,873	\$ 219,291	7.0%	
OVERTIME	9,780	16,938	8,564	16,000	7,436	86.8%	
FRINGE BENEFITS	129	120	196	200	4	2.0%	
ONGOING MAINTENANCE	81,982	170,133	130,000	142,200	12,200	9.4%	
TRAINING & MEETINGS	16,202	6,463	22,000	22,000	-	0.0%	
PROFESSIONAL SERVICES	1,432,258	1,509,225	1,509,768	1,545,727	35,959	2.4%	
OTHER MATERIALS	311,952	155,409	211,330	290,550	79,220	37.5%	
OTHER SERVICES	119,966	119,255	114,074	123,074	9,000	7.9%	
TOTAL	\$ 4,837,375	\$ 4,985,180	\$ 5,122,514	\$ 5,485,624	\$ 363,110	7.1%	

The **Environmental Quality Department** (EnQual) has two units: EnQual-Water and EnQual-Wastewater. EnQual-Water manages compliance with the reporting requirements of the Massachusetts Department of Environmental Protection Drinking Water Regulations, as well as conducts and oversees the drinking water quality monitoring program. Activities include maintaining the Contaminant Monitoring System (CMS) and a mobile (S::CAN) unit for as-needed sampling and monitoring in customer communities and quick deployment where needed to obtain real-time water quality data, including emergency response situations. The group also conducts an algae monitoring program, responds to customer complaints, and reviews system water quality data. EnQual-Wastewater 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 post many of these reports on its Harbor and Bay web pages. EnQual-Wastewater manages environmental data and monitors and reports on the quality of sewage influent and effluent; Boston Harbor and its tributary rivers, and Massachusetts Bay. EnQual-Wastewater also keeps current with upcoming and draft regulations, providing comments and evaluating potential impacts on MWRA operations.

FY19 Proposed Current Expense Budget ENVIRONMENTAL QUALITY by Program							
PROGRAM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
ENQUAL	\$ 2,770,877	\$ 2,918,265	\$ 2,990,576	\$ 3,053,256	\$ 62,680	2.1%	
WATER QUALITY ASSURANCE	2,066,498	2,066,915	2,131,938	2,432,368	300,430	14.1%	
TOTAL	\$ 4,837,375	\$ 4,985,180	\$ 5,122,514	\$ 5,485,624	\$ 363,110	7.1%	

The Environmental Quality Department has significant responsibility for the following MWRA goals included in the Board-approved FY16-FY20 Five-Year Strategic Business Plan.

FY19 Goals and Initiatives:

I. Drinking Water Quality and System Performance

- **Goal #1 – Compliance with Regulatory Requirement and Public Health Standards:** Maintain drinking water quality to protect public health, and continue to ensure that MWRA water meets all applicable regulations.
- **Goal #2 –Effective Public Communications:** Continue to report on and communicate water quality information to our customers and public officials.
 - As part of an Authority Consequence Management Plan, operate a comprehensive CMS, a network of water quality monitoring stations; maintain a mobile water quality trailer to provide field monitoring capabilities; and oversee a quality monitoring program for emergency standby reservoirs, including a plan to ensure readiness of emergency supplies.
 - Develop and train staff on emergency response procedures and contaminant response procedures for reservoir or distribution system events. Also train staff in Incident Command System protocols, procedures, and practices in the case of an emergency event.
 - Collect samples and evaluate data to develop a program for the emergency standby reservoirs, including management goals to ensure these are ready, from a water quality perspective, in the event of an emergency.
 - Respond to the Massachusetts Department of Environmental Protection (MADEP) and the U.S. Environmental Protection Agency (EPA) regarding regulatory changes for drinking water quality monitoring
 - Monitor algal toxins in drinking water and adapt the program to the rapidly changing regulatory landscape of this issue.
 - Develop and train staff in preparation for EPA’s Unregulated Contaminant Monitoring Rule 4 program which commences in 2018 and continues into 2020.
 - Continue to work with UMass Amherst, under an Interdepartmental Service Agreement, to assess potential impacts from a chemical spill, and how treatment can mitigate those effects.
 - Participate in training programs with communities to support response to drinking water quality complaints, improve compliance with regulations, and support overall coordination.

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.
 - In FY18, EnQual-Wastewater will procure services for the next three years of permit-required Massachusetts Bay water quality modeling.
 - To respond to public interest and improve timeliness of accurate reporting, finish development of a system to more quickly gather accurate sanitary sewer overflow location and volume data.
 - Continue to implement the reporting requirements of DITP and Clinton NPDES permits. Respond to EPA and MADEP NPDES regulatory changes and program initiatives, including electronic reporting requirements and any new permits.
 - Continue to produce scientific reports and manage environmental monitoring data; make data and analysis available in-house, in public presentations, online, and in designed print products; keep up-to-date data available for presentations to regulators, environmental groups and other interested parties.

- **Goal #5 – Regulatory Changes:** Continue to initiate plans and studies to prepare for regulatory changes; identify opportunities to refine monitoring requirements; and improve effluent quality.
 - Prepare materials and meet with EPA and MADEP staff regarding an updated DITP NPDES Permit.
 - Report against the new, stricter limits in the 2017 Clinton NPDES Permit.
 - Explore modification of the Ambient Monitoring Plan to better address issues of emerging concern involving potential impacts of the outfall. This involves working with regulators and the Outfall Monitoring Science Advisory Panel (OMSAP) to review the goals and monitoring questions underlying the Ambient Monitoring Plan, which is required by DITP’s NPDES permit.
 - Continue to develop and manage a monitoring program for Boston Harbor and its tributary rivers, and Massachusetts Bay, reflecting permit and variance requirements, relevant current concerns, and long-term interests of the area.
 - Provide on-call staffing for off-hour required regulatory notifications and public right-to-know reporting on sanitary sewer overflows and Combined Sewer Overflow (CSO) facility activations.
- **Goal # 6 – CSO Plan Compliance:** Complete all Combined Sewer Overflow milestones by 2020 and demonstrate that the CSO Plan meets its performance objectives at all outfalls. Ensure compliance with CSO NPDES permit requirements.
 - Provide technical and scientific support for the development of the EPA-required CSO Program performance assessment.
 - Working with staff from Planning, Engineering and Construction, and Operations, continue work on the CSO performance assessment, including ongoing water quality monitoring. This is the next phase of the Long-Term CSO Control Plan, which calls for three years of assessment before 2020 to ensure that the goals of the plan are met.
 - To meet future water quality assessments expected in the CSO variance areas of the Mystic and Charles Rivers, develop an intensified level of data analysis bringing together disparate datasets such as localized rainfall data, metered and modeled CSO discharges, and receiving water quality.

EnQual Water / Wastewater FY19 Initiatives

EnQual-Water

- Continue to develop an improved database for monitoring CMS maintenance activities.
- Continue to more fully utilize Maximo and complete individual component tracking once 1080 form entry is completed.

EnQual-Wastewater

- Continued support for CSO Assessment project, working with consultant to analyze water quality data.
- Continue to review regulatory changes e.g. water quality standards and criteria. Work will continue with senior management, regulators, and other stakeholders to review and revise permit-required Ambient Monitoring.
- Implement the next permit-required modeling contract.
- Produce another pamphlet on one of several important topics including but not limited to DITP plant performance, nutrients in MWRA effluent and Massachusetts Bay.

FY18 Mid-Year Accomplishments:

EnQual-Water

- Submitted a Homeland Security grant application for \$62K to procure instrumentation to detect radiological contamination in drinking water.
- Continued to upgrade and expand contaminant monitoring and detection capabilities to provide both routine water quality information and contaminant detection.
- Continued to participate in the Unregulated Contaminant Rule 4 sampling program. This three year program will continue into FY20.
- Continued to develop and refine equipment maintenance plans and life cycle projection for newly expanded monitoring equipment inventory with a total estimated value of over \$2 million.
- Completed all MADEP-required drinking water sampling and reporting Assistance Events:
 - Community Support: 10
 - In-House Support: 15
 - Complaint Investigations: 3

EnQual-Wastewater

- EnQual-Wastewater published 7 technical reports during FY18.
- Applied for a new permit for the Carroll Water Treatment Plant maintenance discharges, before the permit application deadline of October 2017. The permit application includes cooling water discharges from the new Wachusett Aqueduct Pump Station, and MWRA has had initial discussions with EPA about the appropriate permitting approach to ensure that a permit is in place before that facility begins operation.
- Met all NPDES reporting requirements including routine monthly, quarterly, and annual reports, and required notifications under Part II of permits, Contingency Plan, DITP blending order.
- Reviewed and analyzed impacts on MWRA of several new draft or final DEP and EPA regulations. These included legislation relating to reporting CSO discharges and regulations relating to the definition of Waters of the United States, water quality criteria for aluminum, and proposed label changes for copper algacide. Reviewed and commented on Springfield draft permit, on issues that relate to possible future Deer Island permit.
- Applied for a renewed NPDES permit for the Carroll Water Treatment Plant maintenance discharges.
- In February EnQual-Water submitted a Mass. Homeland Security grant application to procure a radiological monitor to detect radiological contamination in drinking water. Awards are expected to be announced in Summer 2018.

Budget Highlights:

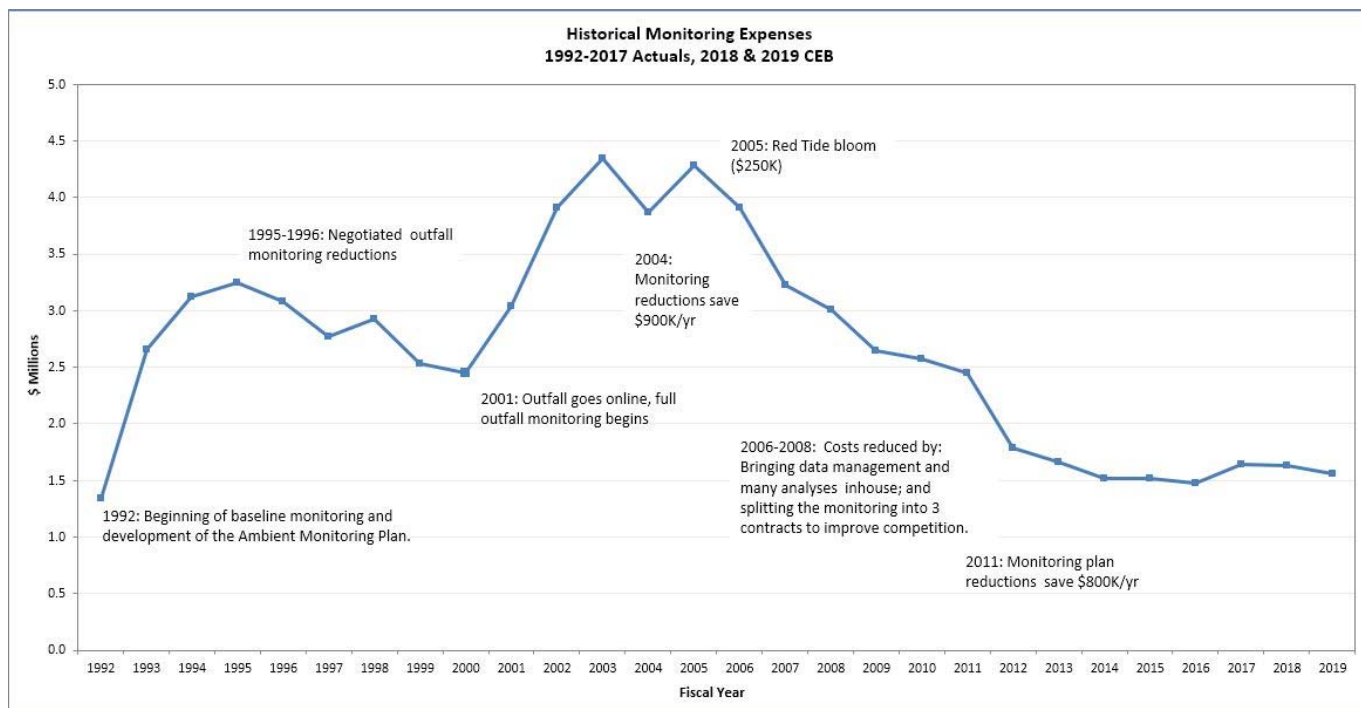
The FY19 Budget is \$5.5 million, an increase of \$363,000 or 7.1%, from the FY18 Budget.

- \$3.3 million for **Wages and Salaries**, and increase of \$219,000 or 7.0%, due to wage increases associated with collective bargaining agreements and the addition of one more FTE than in FY18, from 31.6 FTEs to 32.6 FTEs. The budget will fund a lab supervisor which will allow the Department to reduce contract lab staff. The budget also includes \$63,000 for interns to assist with data analysis, water

quality sampling, and technical support and \$40,300 for stand-by pay associated with wet weather and water quality monitoring programs.

- \$16,000 for **Overtime** to support wet weather and water quality monitoring programs, an increase of \$7,400 or 86.8%. The increase in overtime is based on actual expenditures in FY17.
- \$142,200 for **Maintenance**, an increase of \$12,200 or 9.4% from the FY18 Budget primarily due to the addition of equipment at MWRA’s reservoirs for water quality contamination monitoring. MWRA is establishing maintenance schedules for this relatively new equipment inventory valued at over \$2M. This is lower than the actual of \$170,100 spent in FY17, because of the refurbishing of Wachusett Buoy 2 in FY17.
- \$22,000 for **Training and Meetings** to cover staff participation in professional conferences and technical and software training, which is level funded with the FY18 Budget.
- \$1.5 million for **Professional Services**, an increase of \$36,000 over the FY18 Budget. The budget supports laboratory testing for MWRA’s Harbor and Outfall Monitoring (HOM) Program, including Cape Cod Bay monitoring and \$300,000 for contracts for the following activities which are co-funded through cost-sharing or cost-reduction agreements:
 - o UMass Amherst special study on railroad contaminants in the Wachusett Reservoir
 - o University of Maine’s buoy off Cape Ann; instruments measuring algae and other water-quality indicators
 - o Bays Eutrophication Model maintenance
 - o UMass Boston study of satellite imaging to measure water quality.

The FY19 Final 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 many years of monitoring data and regulatory approval (see figure below).



- \$291,000 for **Other Materials** which is a \$79,000 or 37.5% increase from the FY18 Budget primarily to support the Contaminant Monitoring System and reservoir monitoring. The budget includes \$55,000 for lab and testing supplies for reservoir water quality monitoring. It also includes \$148,000 for equipment to continue funding parts and replacements for the drinking water CMS and S::CAN drinking water analysis equipment. The equipment budget also funds two pilot projects: monitoring for radiological contamination in water (\$50,000) and using a Telog system as backup to the CMS system (\$20,000).
- \$123,000 for **Other Services**, an increase of \$9,000 or 7.9% from the FY18 Budget. The major items in the budget include \$90,000 for Verizon fees associated with operating the CMS at the reservoirs and \$11,000 for memberships in EnQual–Wastewater, primarily for MWRA’s sustaining membership in the Northeastern Regional Association of Coastal Ocean Observing Systems (NERACOOS) which operates coastal monitoring buoys including the one in the Gulf of Maine used for MWRA monitoring.



Norumbega Covered Storage Tank

LABORATORY SERVICES

The core function of the **Department of Laboratory Services** is to provide high quality and responsive laboratory services to MWRA's water and wastewater treatment programs, including the Watershed Division of the Department of Conservation and Recreation (DCR) and the MWRA member water and wastewater communities. This involves 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, Southborough, Quabbin, the Central Laboratory at the Deer Island, and Clinton. 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, and wastewater residuals. The Department 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 cryptosporidium, giardia and radioactivity.

FY19 Proposed Current Expense Budget							
LABORATORY SERVICES							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 4,483,094	\$ 4,648,580	\$ 4,904,294	\$ 4,964,057	\$ 59,763	1.2%	
OVERTIME	107,890	92,156	119,200	119,200	-	0.0%	
FRINGE BENEFITS	1,099	904	1,100	1,100	-	0.0%	
UTILITIES	23,842	31,547	24,500	30,000	5,500	22.4%	
ONGOING MAINTENANCE	291,458	295,010	491,405	492,005	600	0.1%	
TRAINING & MEETINGS	2,909	2,835	7,000	7,000	-	0.0%	
PROFESSIONAL SERVICES	162,123	156,424	253,000	305,185	52,185	20.6%	
OTHER MATERIALS	1,104,836	1,075,985	1,096,109	1,096,209	100	0.0%	
OTHER SERVICES	86,886	83,416	92,150	94,395	2,245	2.4%	
TOTAL	\$ 6,264,136	\$ 6,386,856	\$ 6,988,758	\$ 7,109,151	\$ 120,393	1.7%	

FY19 Goals and Initiatives:

The Laboratory Services Department has significant responsibility for the following MWRA goals included in the Board-approved FY16 - FY20 Five-Year Strategic Business Plan.

I. Drinking Water Quality and System Performance

- **Goal #1 – Compliance with Regulatory Requirement and Public Health Standards:** Maintain drinking water quality to protect public health, and continue to ensure that MWRA water meets all applicable regulations.
- **Goal #3 – Technical Assistance for Water Communities:** Assist member communities to improve local water distribution systems through ongoing financial, technical, and operational support programs to maximize long-term water quality benefits.

II. Wastewater Quality and System Performance

- **Goal #4 – Compliance with Regulatory Requirements:** Meet or surpass environmental compliance standards at both MWRA treatment facilities and throughout the wastewater collection system.
 - CSO Assessment: Continue to perform weekend CSO receiving water sampling during/after significant wet weather events.
 - UCMR4: Provide EPA-required testing and analysis via contract laboratories to comply with the Unregulated Contaminant Monitoring Rule 4 (UCMR4).
 - Decision support: Provide as-needed laboratory services to support assessment of regulatory and operational issues.

In addition, the Laboratory Services Department provides support functions for other MWRA Departments. FY19 Major Initiatives in support of those functions include:

- **Ethics Training** - Continue laboratory ethics and data integrity training to meet MassDEP laboratory certification requirements.
- **NPDES Permits** - Provide laboratory data and consulting to wastewater operations and EnQual on Deer Island draft or final NPDES permits.
- **Electronic Laboratory Notebook (ELN)** - Implement ELN software on wireless tablet computers at three of the water quality laboratory locations.
- **Laboratory Renovation Projects** – One major project is expected to start in FY19 Replacement of the HVAC system and fume hoods at the Central Lab is in the final design phase with construction expected to commence in FY19.
- **School Lead Testing Initiative** – This special project began in FY16 and is continuing into FY19. Thousands of samples have been tested.

- **Key Department Performance Measurements and Accomplishments:**

Indicator	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Goal	FY19 Goal
Total # of Tests Performed	256,284	265,346	314,270	270,000	270,000
Percent On-Time Results	97.0	97.0	91.3	95%	95%
Average Turnaround Time (days)	5.91	5.72	6.58	9 days	9 days
Percent Quality Control Within Specifications	98.1	98.2	97.6	97%	97%
Special Project: School Lead Project # Samples	N/A	N/A	12,390	As-needed	As-needed

FY18 Mid-Year Accomplishments:

- CSO Assessment: Performed CSO receiving water sampling in the Charles and Mystic Rivers during/after significant wet weather events to document the recovery of the rivers after rain events. MWRA will use this information as part of the court-ordered CSO Assessment.

- Decision support: Provided testing and analytical services to support assessment of numerous issues including School Lead testing, the next DITP NPDES Permit, the new Clinton NPDES Permit, testing for an algae bloom in the Chestnut Hills Emergency Distribution Reservoir, and red tide testing in Massachusetts Bay.
- DLS continued to provide high-quality, responsive, timely, and cost-effective laboratory services to our clients in compliance with strict testing guidelines required by all regulatory programs and permits, including the Safe Drinking Water Act and NPDES permits. DLS's performance versus key goals in the first half of FY18 was as follows:
 - 95% of lab results were completed on time versus goal of > 95%.
 - Turnaround time averaged 6.0 days versus goal of < 9 days
 - 97.7% of quality control tests were within specifications versus goal > 97%
 - School Lead Testing Initiative – As of mid-FY18, this project is on-going, but has been at a low level so far in FY18.

Budget Highlights:

The FY19 Budget is \$7.1 million, an increase of \$60,000 or 1.2% compared to the FY18 Budget.

- \$5.0 million for **Wages and Salaries**, an increase of \$77,000 or 1.6% compared to the FY18 Budget primarily for wage increases associated with collective bargaining agreements.
- \$119,000 for **Overtime**, level funded with FY18, to cover work associated with peak periods, emergencies, and special initiatives.
- \$30,000 for **Utilities**, an increase of \$5,000 or 22.5%, which covers the purchase of gases and cryogenic liquids used for various laboratory instruments. The increase is due to adding a second ICP-MS instrument. The budget for FY19 is based on historical spending levels.
- \$492,000 for **Maintenance**, level funded with the FY18 Budget. This budget includes Lab equipment maintenance, repairs, and calibration for major lab instruments and once a year preventive maintenance for all ovens, water baths, incubators, refrigerators, freezers, chillers, meters, sensors, microscopes, thermometers, and balances.
- \$7,000 for **Training and Meetings**, level funded with the FY18 Budget. This line funds attendance at the EPA Environmental Laboratory Advisory Board (ELAB) Forum on Lab Accreditation/National Environmental Monitoring Conference and the Association of Public Health Laboratories (APHL) annual meeting. Also included are several new conferences and seminars to keep staff technically knowledgeable.



- \$305,000 for **Professional Services**, an increase of \$52,000 or 20.6% compared to the FY18 Budget. The increase is due to the second year of the UCMR4 water quality project, which began in FY18. The cost of UCMR4 is based on actual contract lab bid prices. 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.
- \$1.1 million for **Other Materials**, level funded with the FY18 Budget. This budget line includes funding for laboratory supplies and laboratory instrument replacements.
- \$94,000 for **Other Services**, an increase of \$2,000 or 2.4% compared to FY18. This 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. The increase reflects actual costs for permit fees, including new DEP certification for Clinton Lab.

PLANNING

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.

FY19 Proposed Current Expense Budget							
PLANNING							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 2,896,378	\$ 2,988,153	\$ 3,080,294	\$ 3,169,497	\$ 89,203	2.9%	
OVERTIME	1,451	-	-	-	-	-	
FRINGE BENEFITS	5	-	50	50	-	0.0%	
ONGOING MAINTENANCE	41,304	190,211	173,201	173,200	(1)	0.0%	
TRAINING & MEETINGS	11,555	9,454	9,500	14,000	4,500	47.4%	
PROFESSIONAL SERVICES	4,677	2,100	800	800	-	0.0%	
OTHER MATERIALS	155,073	159,039	163,625	163,250	(375)	-0.2%	
OTHER SERVICES	204,662	185,628	282,924	272,924	(10,000)	-3.5%	
TOTAL	\$ 3,315,104	\$ 3,534,585	\$ 3,710,394	\$ 3,793,721	\$ 83,327	2.2%	

The Department has two units, the **Planning Unit** and the **Meter Data Unit**.

FY19 Proposed Current Expense Budget							
PLANNING by Program							
PROGRAM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
PLANNING	\$ 2,404,530	\$ 2,495,290	\$ 2,644,307	\$ 2,731,653	\$ 87,346	3.3%	
METER DATA	910,574	1,039,295	1,066,087	1,062,068	(4,019)	-0.4%	
TOTAL	\$ 3,315,104	\$ 3,534,585	\$ 3,710,394	\$ 3,793,721	\$ 83,327	2.2%	

The functions of the **Planning Unit** are:

- **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; and
- 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 conduct strategic policy research on a broad range of topics. Staff also conduct 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. In conjunction with the Office of the Executive Director and Public Affairs, this unit serves as the Operations Division's lead on regulatory and policy matters potentially affecting MWRA's water and wastewater systems.
- **Community Support Program** – This unit oversees and manages MWRA's financial assistance and technical community support programs. 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, lead service line replacement funding, water distribution systems technical assistance, water leak detection technical assistance, and water conservation programs.

The functions of the **Meter Data Unit** are:

- **Meter Data** – This unit collects meter data for operational and revenue generating purposes from the water and wastewater systems. Staff maintains 179 revenue water meters, 26 master water meters, 187 revenue wastewater meters and 35 other wastewater monitoring sites. The water metering data collection and analysis supports Rates and Budget Department's allocation of MWRA rate revenue requirements.



FY19 Goals and Initiatives:

I. Drinking Water Quality and System Performance - The Planning Department's purview and function supports all the goals associated with this strategic priority.

- Provide cost-effective and timely mapping, modeling, data analysis, and regulatory review services to support decision-making on operational, planning, environmental, and regulatory issues.
- Continue coordination with member communities for distribution of grants and loans for local sewer, water, and lead service line removal projects.
- Continue outreach and coordination to schools and child care facilities on lead testing and remediation. Evaluate and revise as necessary the joint MWRA/MDPH lead testing project for homes with children with elevated blood lead levels.
- Continue to advocate for responsible and reasonable revised drinking water regulations.
- Distribute the federally-required annual water quality report, the Consumer Confidence Report (CCR), to all households.

II. Wastewater Quality and System Performance - The Planning Department's purview and function supports all the goals associated with this strategic priority.

- Provide cost-effective and timely mapping, modeling, data analysis, and regulatory review services to support decision-making on operational, planning, environmental, and regulatory issues
- Oversee implementation of the wastewater meter upgrade project.
- Update the MWRA wastewater maps, and produce an updated atlas. Participate in efforts to update selected water record plans and real estate records.
- Comply with I/I mapping and planning requirements in state environmental regulations and NPDES permits; submit full I/I control plan for MWRA collection system by 3/1/19.
- Continue coordination with member communities for distribution of grants and loans for local sewer, water, and lead service line removal projects.

III. Infrastructure Management and Resilience

- **Goal # 8 – Maintain Assets:** Maintain and enhance water and wastewater system assets over the long term at the lowest possible life cycle cost and acceptable risk, consistent with customer, community, and regulatory support service levels.
 - Update the wastewater metering system and evaluate new technologies to ensure continued accurate flow accounting and to enhance its usefulness for operational and evaluation purposes by adding additional monitoring locations.
 - Monitor and revise the updated Water and Wastewater Master Plan with extensive coordination across all MWRA Departments.
 - Provide cost-effective and timely mapping, modeling, data analysis, and regulatory review services to support decision-making on planning, regulatory, and infrastructure issues

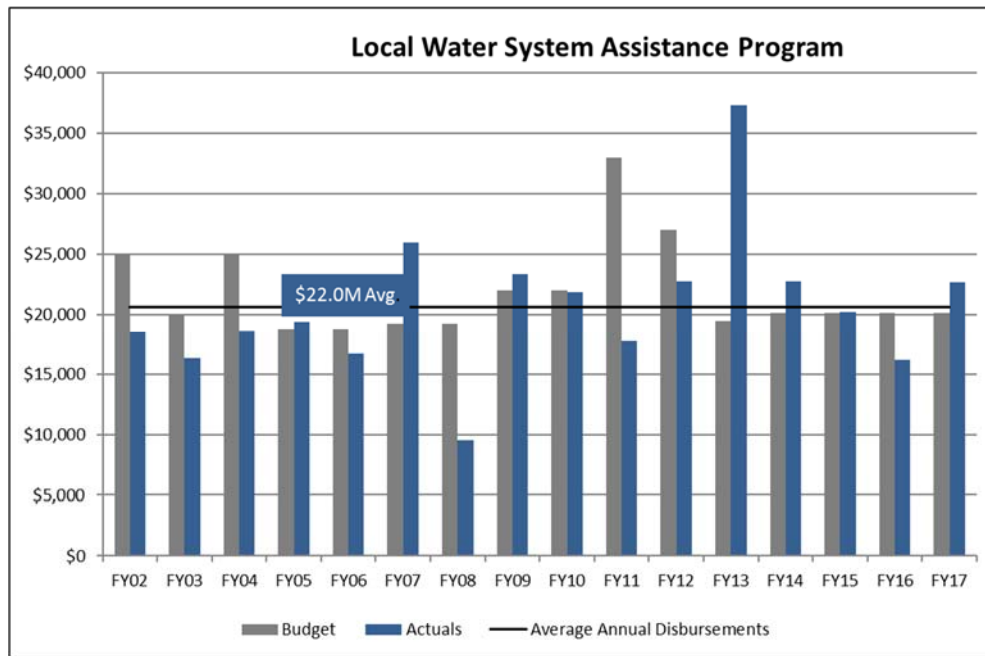
V. Environmental Sustainability - The Planning Department's purview and function supports all the goals associated with this strategic priority by directing and managing MWRA's planning processes including water system expansion planning, and climate change adaptation and mitigation efforts.

- Provide cost-effective and timely mapping, modeling, data analysis, and regulatory review services to support decision-making on sustainability issues.

- Update reports on greenhouse gas tracking and energy efficiency efforts and maintain a sustainability section on MWRA’s web page.
- Work with state and regional organizations and academic institutions to identify how MWRA’s existing long-term environmental data sets can be used to help assess and project impacts of climate change.
- Continue to provide assistance to communities seeking admission to the MWRA’s water system or seeking emergency withdrawals.

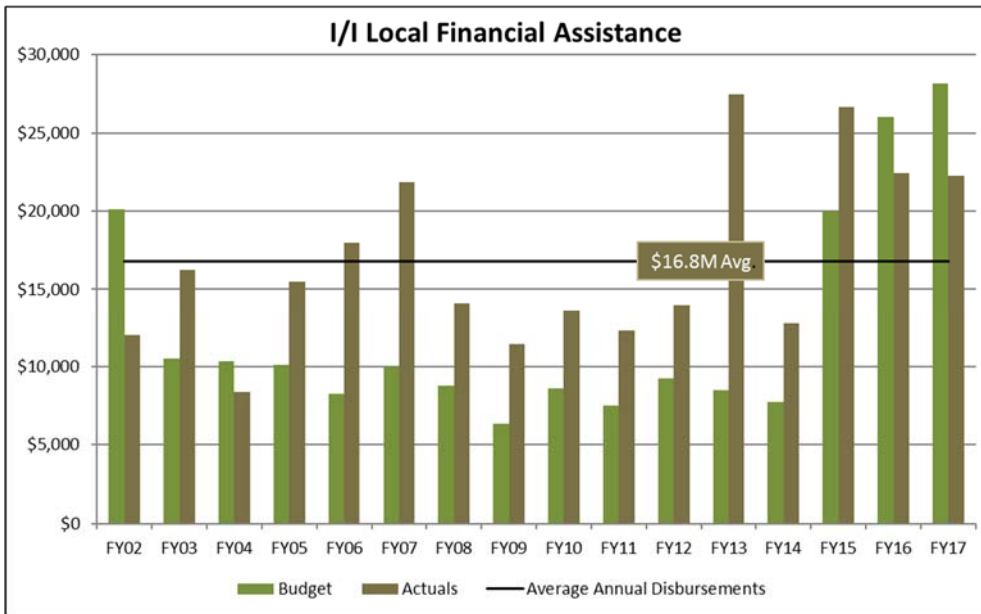
FY18 Mid-Year Accomplishments:

- Distributed \$16.7 million in Local Water System Assistance Program interest-free loans including \$1.5 million under the Lead Service Line Replacement Loan Program. In total, MWRA has distributed \$367.5 million in loans to 41 of the 45 eligible water communities. Since 1998, 527 miles of local water main have been replaced or cleaned and lined (about 8% of the regional system) via projects funded by MWRA’s financial assistance.



- Assisted four municipalities in the MWRA’s service area with leak detection (via task-order contracts) in their systems year-to-date in FY18 and worked with Procurement on RFQ/P the for next three-year community leak detection services task-order contracts (spring 2018 – spring 2021).
- Conducted additional outreach to communities on sampling in schools for lead in conjunction with second round of DEP’s Technical Assistance program. Continued laboratory assistance to MDPH for water sampling for families with children with elevated blood lead levels.
- Planning Department staff have continued to be active in state and federal review of the Lead and Copper Rule as well as other proposed rule changes.

- Distributed \$18.4 million in grants and interest-free loans to member sewer communities for Inflow and Infiltration reduction. In total, MWRA has distributed a total of \$351 million in grants and loans with participation from all 43 municipalities.



- Provided computer modeling support for major capital programs including WASM3 rehabilitation and multiple pipelines, operational planning for pipeline shutdowns, and metro tunnels emergency planning on the water side; and ongoing support for wastewater projects including the CSO evaluation.
- Updated MWRA’s Greenhouse Gas Inventory, and initiated tracking of vehicle greenhouse gas production. Continued coordination with local and regional climate change adaptation planning efforts.
- Staff continued to represent MWRA on the Mystic River Steering Committee (facilitated by EPA and Mystic River Watershed Association staff). This group brings together representatives from many varied interests including regulators, state and regional government entities, academics, local environmental and planning organizations, municipalities, businesses, environmental justice advocates and others to share information and to help facilitate communication and project coordination on watershed wide concerns. Improved water quality and access to the River and improved open space opportunities are key objectives.
- Staff participated in the Technical Advisory Committee for the Mystic River Watershed TMDL alternative which hopes to develop strategies to mitigate phosphorous loadings in the Mystic River.
- Continued to coordinate with Water and Wastewater staff to develop the 2018 Master Plans for completion later this year.
- Provided assistance with the Water System Admission process to the following communities: Ashland, North Reading, Walpole, Brockton, Sharon, Burlington, Union Point, Peabody.

- Developed an updated MWRA Wastewater Collection System Operation and Maintenance Plan (including required I/I Control Plan) for submittal to EPA and MassDEP under DITP and Clinton NPDES permit and other state requirements.
- Began the Wastewater Meter Upgrade project. Completed work plan, safety plan and other start up activities; began field investigations for unmetred areas.

Budget Highlights:

- The FY19 Budget is \$3.8 million, an increase of \$83,000 or 2.2% as compared to the FY18 Budget.
- \$3.2 million for **Wages and Salaries**, an increase of \$89,000 or 2.9% as compared to the FY18 Budget primarily for wage increases associated with collective bargaining agreements. The FY19 Budget also includes \$15,000 for summer interns to assist with analyses in the areas of climate change, benchmarking, and other projects.
- \$173,000 for **Maintenance**, level funded with the FY18 Budget. This funds maintenance required to repair and calibrate water and wastewater meters.
- \$14,000 for **Training and Meetings**, an increase of \$4,500 or 47.4% as compared to the FY18 Budget. The budget covers participation in training and conferences primarily focused on water quality regulations and geographic information systems. The increase is due to efforts to develop staff by having them attend national conferences and other trainings.
- \$800 for **Professional Services** costs associated with the translation of the Consumer Confidence Report (CCR) and also programming of the GIS user interface. This is level funded with the FY18 Budget.
- \$163,000 for **Other Materials** which includes funding of \$140,000 for postage and mailing of the CCR, \$15,000 for water conservation kits, \$5,000 for mapping supplies, \$2,000 for office supplies, \$1,000 for vehicle expenses, and \$750 for work clothes for employees in the Meter Data section. This budget is level funded with the FY18 Budget.
- \$273,000 for **Other Services**, a decrease of \$10,000 or 3.5% as compared to the FY18 Budget. The budget reduction is primarily due to telephones for meters. This expense was reduced in the FY18 Budget due to the transitioning to one service for all telephone lines for meters in the Meter Data Unit. The FY19 Budget is based on actual expenditures for FY17. Other Services also includes \$100,000 for printing of the CCR, \$10,000 for printing water conservation and other informational brochures, and \$2,300 for Memberships and Dues for department employees.



Law Division
Budget

LAW DIVISION

Law

Legal Reviews
Litigation
Court Order Compliance
Environmental Regulation

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.

FY19 Proposed Current Expense Budget							
LAW DIVISION							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18		
WAGES & SALARIES	\$ 1,647,085	\$ 1,605,405	\$ 1,763,935	\$ 1,611,929	\$ (152,006)	-8.6%	
OVERTIME	4,945	381	-	-	-	-	
TRAINING & MEETINGS	1,622	1,360	1,000	4,000	3,000	300.0%	
PROFESSIONAL SERVICES	366,643	647,904	508,000	408,000	(100,000)	-19.7%	
OTHER MATERIALS	4,160	3,402	5,984	5,984	-	0.0%	
OTHER SERVICES	20,479	26,740	27,947	29,059	1,112	4.0%	
TOTAL	\$ 2,044,933	\$ 2,285,192	\$ 2,306,866	\$ 2,058,972	\$ (247,894)	-10.7%	

FY19 Goals and Initiatives:

The Law Division supports the MWRA's achievement of all five key strategic priorities set forth in the FY16-FY20 Five-Year Strategic Business Plan. For FY19, the Division has identified the following goals and initiatives:

- Provide timely and cost effective resolution of legal disputes involving MWRA, through litigation or alternative means of dispute resolution.
- Provide 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.
- Advocate for MWRA interests in new and developing regulatory issues.

- Provide legal support, and retain outside counsel as necessary to address co-permittee concerns with the anticipated new Deer Island NPDES permit.
- Exhaust all opportunities to shift costs of legal representation to insurers and indemnitors and to litigate insurance coverage disputes as they arise, all in the interest of cost savings.

FY18 Mid-Year Accomplishments:

- Successfully defended against party defendant’s attempt to obtain court approval for issuance of subpoena to non-party MWRA in pending criminal proceeding arising out of deaths caused by unprotected trench excavation incident in Boston (Atlantic Drain) dating back to October 2016.
- United States v. NSTAR Electric Company, MWRA, et al., U.S.D.Ct. C.A. No. 16-11470-RGS. On July 17, 2018 a stipulation, previously signed by all parties to the Army Corps of Engineers lawsuit re: enforcement of a 1989 Corps permit allowing for the installation of the existing cross harbor cable, was entered by Judge Stearns as an Order of the court staying all proceedings and claims pending compliance by NSTAR and its subsidiary Harbor Electric Energy Company with their obligations to acquire and install a new cross harbor cable connection to Deer Island by December 31, 2019.

Budget Highlights:

The FY19 Final Budget is \$2.1 million, a decrease of \$248,000 or 10.8%, as compared to the FY18 Budget. The decrease to the Law budget occurs in two line items:

- \$1.6 million for **Wages and Salaries**, a decrease of \$152,000 or 8.6%, as compared to the FY18 Budget, mainly due to two fewer FTEs. The FY19 Proposed Budget includes funding for 13.5 FTEs.

	FY18	FY19
LAW DEPARTMENT	FTEs	FTEs
LAW	15.5	13.5
TOTAL	15.5	13.5

- \$408,000 for **Professional Services**, a decrease of \$100,000 or 19.7%, as compared to the FY18 Budget, mainly as a result of a revaluation of the services associated with potential Deer Island NPDES permit issues.



Administration Division Budget

ADMINISTRATION DIVISION

Administration

Director's Office
 Facilities Management
 Fleet Services
 Human Resources
 Management Information Systems
 Procurement
 Real Property and Environmental Management

The **Administration Division** is responsible for managing the support service functions of the Authority. Its departments support daily operations and maintenance and ensure the implementation of the Authority's long-term goals and strategies.

FY19 Proposed Current Expense Budget						
ADMINISTRATION						
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 12,346,277	\$ 12,683,592	\$ 13,653,153	\$ 13,942,407	\$ 289,254	2.1%
OVERTIME	99,637	75,293	81,971	80,471	(1,500)	-1.8%
FRINGE BENEFITS	19,047,398	19,517,582	20,919,160	21,685,020	765,860	3.7%
WORKERS' COMPENSATION	2,350,369	2,565,336	2,322,980	2,322,609	(371)	0.0%
UTILITIES	116,670	112,324	119,237	108,116	(11,121)	-9.3%
ONGOING MAINTENANCE	4,123,573	4,900,600	4,705,896	4,390,886	(315,010)	-6.7%
TRAINING & MEETINGS	183,744	151,419	166,541	168,991	2,450	1.5%
PROFESSIONAL SERVICES	696,524	965,687	1,302,153	1,364,827	62,674	4.8%
OTHER MATERIALS	1,089,384	742,494	1,652,301	2,228,156	575,855	34.9%
OTHER SERVICES	3,163,677	3,252,899	3,503,208	3,591,781	88,573	2.5%
TOTAL	\$ 43,217,254	\$ 44,967,226	\$ 48,426,600	\$ 49,883,264	\$ 1,456,664	3.0%

The Administration Division is comprised of seven departments: Director's Office; Facilities Management; Fleet Services; Human Resources; Management Information Systems (MIS); Procurement; and Real Property and Environmental Management.

FY19 Proposed Current Expense Budget						
ADMINISTRATION by Department						
DEPARTMENT	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
ADMIN DIRECTOR'S OFFICE	153,254	221,367	234,148	241,915	7,767	3.3%
HUMAN RESOURCES	23,638,247	24,193,801	25,597,088	26,392,114	795,027	3.1%
MIS	10,345,574	11,991,006	13,015,038	13,360,016	344,978	2.7%
FACILITIES MANAGEMENT	2,321,285	2,254,449	2,511,723	2,565,372	53,649	2.1%
FLEET SERVICES	1,620,246	1,623,341	2,171,000	2,194,598	23,598	1.1%
PROCUREMENT	4,470,678	4,066,779	4,097,546	4,377,692	280,146	6.8%
REAL PROPERTY / ENVIR MGMT	667,971	616,484	800,058	751,557	(48,501)	-6.1%
TOTAL	\$ 43,217,254	\$ 44,967,226	\$ 48,426,600	\$ 49,883,264	\$ 1,456,664	3.0%

FY19 Goals and Initiatives:

Consistent with MWRA's Board approved FY16-FY20 Five-Year Strategic Business Plan, the Administration Division's FY19 goals are as follows:

IV. Finance and Management

- **Goal #13 – Maintain an Excellent Workforce:**
 - Continue to expand on MWRA's in-house job shadowing and career development training programs in anticipation of critical retirements over the next several years.
 - Continue to provide programs and procedures to ensure employee safety.
 - Provide effective training necessary for employees to obtain and maintain required licenses and certifications to ensure a highly skilled workforce.
 - Continue MWRA's efforts to develop new recruitment and retention strategies to foster diversity, including traditionally underrepresented categories, people with disabilities and veterans.
- **Goal #14 – Leverage Information Technology to Improve Organizational Effectiveness:**
 - Deliver Information Technology (IT) services and solutions efficiently and effectively.
 - Provide IT solutions to streamline work processes while ensuring the security and integrity of MWRA data by leveraging the use of existing or emerging technologies.
 - Maintain current technology hardware, software, and network infrastructure.
 - Maintain a secure technology environment.
- **Goal # 12 – Ensure Cost-Effective Operational and Resource Management:**
 - Maintain and expand MWRA-wide recycling efforts.
 - Work with staff MWRA-wide to improve specifications development and documentation.

V. Environmental Sustainability

- **Goal #15 – Continue to maximize energy efficiency of MWRA operations, renewable energy production, and revenue generation opportunities using MWRA's energy assets:**
 - Look for opportunities to incorporate energy efficiency measures into specifications for new construction, rehabilitation, and equipment replacement.

In addition to these initiatives, the Administrative Division will begin procurement of the first phase of design services for the Metropolitan Tunnels Water Service Redundancy Project.

FY18 Mid-Year Accomplishments:

- Upgraded and standardized the version of Microsoft Office Applications to Office 2016. This initiative started in March 2017 and was completed in FY18 Q2.
- Earned once again rating as one of the largest bio-fuel users by the Massachusetts Alternative Fuel Coalition (MAFC) for its use of bio-diesel to fuel diesel powered vehicles/equipment with bio-diesel.
- Reduced future MWRA exposure on Workers Comp cases by 500k through claim management and continued utilization of light duty work.
- Competitively sold Class I, Class II and Solar Renewable Energy Portfolio Standard (RPS) certificates resulting in FY18 revenues through Q2 of \$468,594.
- Awarded major Capital Improvement Program Contracts including engineering services for the design of the Northern Intermediate High Water Pipeline Section 89 Replacement, one of the interim water redundancy improvements, and construction of the Chestnut Hill Gatehouse Repair.

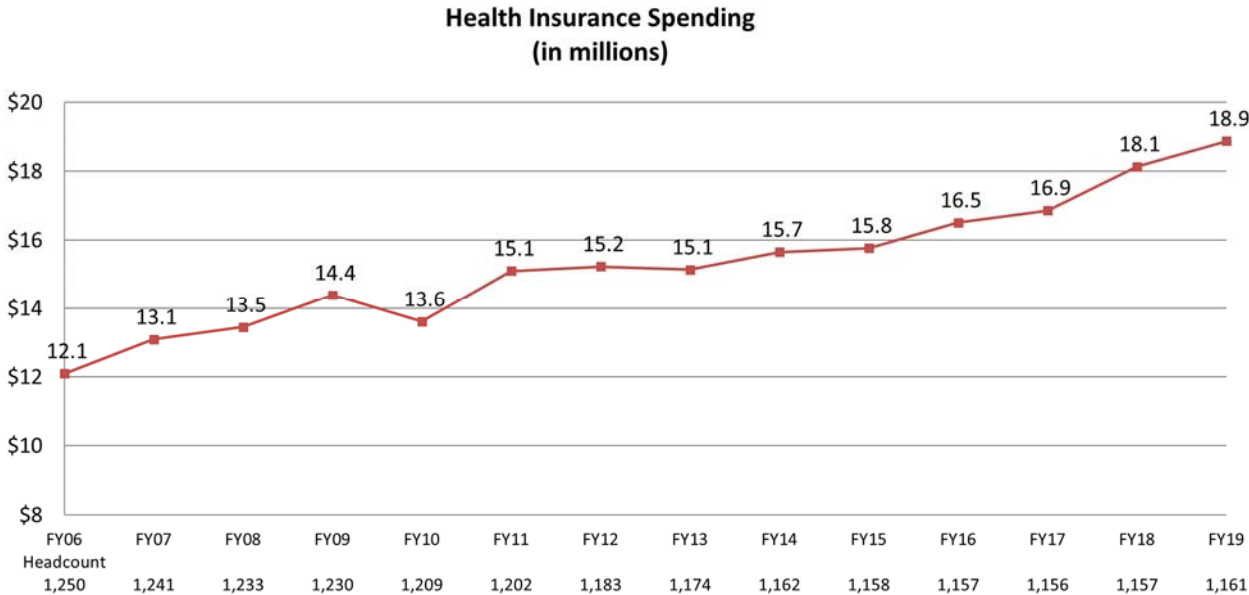
Budget Highlights:

The FY19 Proposed Budget is \$49.9 million, an increase of \$1.5 million or 3.0% as compared to the FY18 Budget.

- \$13.9 million for **Wages and Salaries**, an increase of \$289,000 or 2.1% as compared to the FY18 Budget. The increase is primarily for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget funds 142.6 FTEs, 0.6 FTEs greater than the FY18 Budget. The net increase in 0.6 FTEs is the result of funding three additional positions in Procurement, offset by 2.4 positions in MIS not being funded in FY19.
- \$80,000 for **Overtime**, a decrease of \$2,000 or 1.8% as compared to the FY18 Budget. The decrease is in Procurement based on recent actual overtime costs.

FTEs		
ADMINISTRATION by Department		
DEPARTMENT	FY18 FTEs	FY19 FTEs
ADMIN DIR OFFICE	2	2
HUMAN RESOURCES	16.9	16.9
MIS	57.4	55
FACILITIES MGMT	7	7
FLEET SERVICES	12	12
PROCUREMENT	42.8	45.8
REAL PROP/ENVIR MGMT	4	4
TOTAL	142.0	142.6

- \$21.7 million for **Fringe Benefits**, an increase of \$766,000 or 3.7% as compared to the FY18 Budget. The main reason for the increase is the continuing rise in health insurance costs.



- \$2.3 million for **Workers’ Compensation**, level budgeted with the FY18 Budget. During FY18, a number of older Workers’ Compensation cases were resolved, resulting in an immediate reduction of reserves for these cases. The budget was, therefore, level funded for FY19 rather than budgeted at the average of the prior three years for which actual expenditures are available, as has been the practice, since the three-year average would have resulted in increasing the Worker’s Compensation budget.

	FY15 Actuals	FY16 Actuals	FY17 Actual	FY18 Budget	3 Year Average *
Worker's Compensation					
Compensation Payments	1,285,809	1,257,703	1,771,557	1,258,876	1,438,356
Medical Payments	851,280	850,170	470,072	854,915	723,841
Other	170,034	242,496	323,706	209,189	245,412
Total Worker's Comp.	2,307,123	2,350,369	2,565,335	2,322,980	2,407,609

* Three year average of FY15 Actuals, FY16 Actuals, FY17 Actuals

- \$108,000 for **Utilities**, a decrease of \$11,000 or 9.3%, as compared to the FY18 Budget, due to lower kWh usage associated with a meter that was combined with another existing electrical meter.
- \$4.4 million for **Maintenance**, a decrease of \$315,000 or 6.7% as compared to the FY18 Budget, due to decreased computer software licenses and upgrades and computer hardware, offset by an increase in computer software maintenance.

- \$169,000 for **Training and Meetings**, an increase of \$2,000 or 1.5% as compared to the FY18 Budget.
- \$1.4 million for **Professional Services**, an increase of \$63,000 or 4.8% as compared to the FY18 Budget, primarily for contractual increases for MIS services.
- \$2.2 million for **Other Materials**, an increase of \$576,000 or 34.9% as compared to the FY18 Budget, primarily for computer hardware replacement.
- \$3.6 million for **Other Services**, an increase of \$89,000 or 2.5% as compared to the FY18 Budget. Included in the Other Services funding is \$1.9 million for Space/Lease Rentals for the Charlestown Navy Yard Headquarters and Marlborough warehouse, \$1.2 million for Telecommunications expenses for all facilities, and MIS and security data lines.



Fells Reservoir

DIRECTOR'S OFFICE

The **Administration Division Director's Office** is responsible for the centralized 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 compliance with applicable statutes, regulations, Authority policies and procedures, and contract terms.

FY19 Proposed Current Expense Budget ADMINISTRATION DIVISION DIRECTOR'S OFFICE

LINE ITEM	FY16	FY17	FY18	FY19	Change	
	Actuals	Actuals	Final Budget	Proposed Budget	FY19 to FY18	
WAGES & SALARIES	\$ 152,939	\$ 221,053	\$ 233,824	\$ 241,591	\$ 7,767	3.3%
OTHER MATERIALS	-	28			-	0.0%
OTHER SERVICES	315	286	324	324	-	0.0%
TOTAL	\$ 153,254	\$ 221,367	\$ 234,148	\$ 241,915	\$ 7,767	3.3%

The Director's Office core functions are to:

- Manage and coordinate the Authority's support service functions.
- Guide and coordinate division activities to support MWRA's goals and objectives.
- Continuously improve processes and performance for greater efficiency.

Budget Highlights:

The FY19 Proposed Budget is \$242,000, an increase of \$8,000 or 3.3% as compared to the FY18 Budget.

- \$234,000 for **Wages and Salaries**, an increase of \$8,000 or 3.3% as compared to the FY18 Budget, primarily for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget supports two FTEs, the same as the FY18 Budget.

FACILITIES MANAGEMENT

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 MWRA staff, 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 both the Chelsea Facility 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.

FY19 Proposed Current Expense Budget FACILITIES MANAGEMENT

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 442,395	\$ 443,092	\$ 461,311	\$ 465,138	\$ 3,827	0.8%
OVERTIME	37,842	26,136	40,000	40,000	\$ -	0.0%
FRINGE BENEFITS	-	-	-	-	\$ -	-
UTILITIES	113,608	110,684	116,737	105,616	\$ (11,121)	-9.5%
ONGOING MAINTENANCE	15,242	9,513	18,600	18,600	\$ -	0.0%
PROFESSIONAL SERVICES	-	-	4,000	4,000	\$ -	0.0%
OTHER MATERIALS	65,810	4,064	67,250	67,250	\$ -	0.0%
OTHER SERVICES	1,646,387	1,660,959	1,803,825	1,864,768	\$ 60,943	3.4%
TOTAL	\$ 2,321,285	\$ 2,254,449	\$ 2,511,723	\$ 2,565,372	\$ 53,649	2.1%

FY19 Goals and Initiatives:

IV. Finance and Management

- **Goal #12 – Ensure Cost-Effective Operational and Resource Management:**
 - o Assure a safe and well-maintained working environment for all MWRA staff at CNY and appropriate space for staff by coordinating workspace planning, design, and furniture acquisitions.
 - o Continue to coordinate with the CNY landlord on building improvements.

FY18 Mid-Year Accomplishments:

- Implemented facility improvements as provided in our lease agreement for CNY headquarters. FY17 included the replacement of half the windows in MWRA leased space. The remaining half has been completed in FY18.
- 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 FY19 Proposed Budget is \$2.6 million, an increase of \$54,000 or 2.1% as compared to the FY18 Budget.

- \$465,000 for **Wages and Salaries**, an increase of \$4,000 or 0.8% as compared to the FY18 Budget, primarily for wage increases associated with collective bargaining agreements, offset by salary savings as a result of staff retiring and positions being filled at a lower salary. The FY19 Proposed Budget funds 7.0 FTEs, the same as the FY18 Budget.
- \$106,000 for **Utilities**, a decrease of \$11,000 or 9.5% as compared to the FY18 Budget. After review of electricity bills, MWRA determined that one meter for which it was being charged had been combined with another meter and should be removed. The result is lower electricity usage at the CNY headquarters.
- \$1.9 million for **Other Services**, an increase of \$61,000 or 3.4%, as compared to the FY18 Budget primarily for increased lease payments for the CNY headquarters facility. The lease includes base rent for the facility, real estate taxes, common area maintenance and operating costs.

FLEET SERVICES

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.

FY19 Proposed Current Expense Budget FLEET SERVICES

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 768,510	\$ 816,824	\$ 900,492	\$ 931,263	\$ 30,771	3.4%
OVERTIME	3,918	8,294	11,000	11,000	-	0.0%
FRINGE BENEFITS	28	158	250	250	-	0.0%
UTILITIES	3,062	1,640	2,500	2,500	-	0.0%
ONGOING MAINTENANCE	552,102	509,727	701,500	682,500	(19,000)	-2.7%
TRAINING & MEETINGS	17,500	670	-	-	-	-
OTHER MATERIALS	273,609	284,519	553,659	565,402	11,743	2.1%
OTHER SERVICES	1,516	1,508	1,600	1,684	84	5.3%
TOTAL	\$ 1,620,246	\$ 1,623,341	\$ 2,171,000	\$ 2,194,598	\$ 23,598	1.1%

FY19 Goals and Initiatives:

IV. Finance and Management

- **Goal #12 – Ensure Cost-Effective Operational and Resource Management:**
 - Continue to cost effectively maintain the Authority's fleet of vehicles and equipment.
- **Goal #13 – Maintain a Safe Workforce:**
 - Purchase vehicles with additional safety lighting to enhance driver/vehicle visibility.

V. Environmental Sustainability

- **Goal #15 – Continue to maximize energy efficiency of MWRA operations, renewable energy production, and revenue generation opportunities using MWRA's energy assets:**
 - Integrate more alternative fueled vehicles into the Authority's fleet. Continue to install idle reduction devices in all Authority vehicles to comply with state and federal regulations.

FY18 Mid-Year Accomplishments:

- Developed specifications for new replacement vehicles and equipment the majority of which will utilize alternative fuel, consistent with the Authority's goal of purchasing environmentally friendly products.
- MWRA was once again rated as one of the largest bio-fuel users by the Massachusetts Alternative Fuel Coalition (MAFC) for its use of bio-diesel to fuel diesel powered vehicles/equipment with bio-diesel.
- Prepared documentation for the surplus sale of vehicles and equipment and worked with the Procurement Department for the auction and disposal of the vehicles/equipment.

- Continued to work with MIS and Operations staff on the implementation of the Maximo asset management software system upgrade which includes a transportation module specifically designed for a fleet environment.

Budget Highlights:

The FY19 Proposed Budget is \$2.2 million, an increase of \$24,000 or 1.09% as compared to the FY18 Budget.

- \$931,000 for **Wages & Salaries**, an increase of \$31,000 or 3.4% as compared to the FY18 Budget, primarily for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget funds 12 FTEs, the same as the FY18 Budget.
- \$682,000 for **Ongoing Maintenance**, a decrease of \$19,000 based on historical spending.
- \$565,000 for **Other Materials**, an increase of \$12,000 or 2.1% as compared to the FY18 Budget, for vehicle fuel. The FY19 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

The **Human Resources Department** is responsible for the overall management of MWRA employees. The Department enables employees to contribute successfully to MWRA's goals and objectives through effective recruitment, labor management, training, and employee benefits management.

FY19 Proposed Current Expense Budget HUMAN RESOURCES

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 1,686,914	\$ 1,575,520	\$ 1,668,055	\$ 1,695,137	\$ 27,082	1.6%
OVERTIME	17	-	-	-	-	-
FRINGE BENEFITS	19,046,856	19,516,579	20,918,610	21,684,470	765,860	3.7%
WORKERS' COMPENSATION	2,350,369	2,565,336	2,322,980	2,322,609	(371)	0.0%
TRAINING & MEETINGS	9,583	7,723	3,263	3,713	450	13.8%
PROFESSIONAL SERVICES	516,642	502,008	642,153	650,827	8,674	1.4%
OTHER MATERIALS	18,264	17,846	25,820	24,225	(1,595)	-6.2%
OTHER SERVICES	9,603	8,789	16,207	11,133	(5,074)	-31.3%
TOTAL	\$ 23,638,247	\$ 24,193,801	\$ 25,597,088	\$ 26,392,114	\$ 795,027	3.1%

The Human Resources Department is comprised of 5 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 unit 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, and its workers' compensation responsibilities.
- 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 and safety.

In addition, the Human Resources Department includes the Centralized Fringe Benefits cost center, which carries the budget for fringe benefits for all MWRA employees as well as for mandatory payments for unemployment expenses and Medicare.

**FY19 Proposed Current Expense Budget
HUMAN RESOURCES by Unit**

UNIT	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
EMPLOYEE/COMP/BEN	\$ 733,798	\$ 774,787	\$ 1,061,018	\$ 1,079,109	\$ 18,091	1.7%
LABOR RELATIONS	878,031	646,701	543,432	538,245	(5,186)	-1.0%
TRAINING	567,779	641,054	705,785	712,682	6,897	1.0%
CENTRALIZED FRINGE BENEFITS	21,458,638	22,131,260	23,286,853	24,062,079	775,225	3.3%
TOTAL	\$ 23,638,247	\$ 24,193,801	\$ 25,597,088	\$ 26,392,114	\$ 795,026	3.1%

FY19 Goals & Initiatives:

IV. Finance & Management

- **Goal #13 - Maintain an Excellent Workforce:**
 - o 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.
 - o 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, and create an environment that fosters safety consciousness and productive work.
 - o Complete the procurement process for Occupational Health / Medical services and implement a 3-year contract.
 - o Provide effective training necessary for employees to obtain and maintain required licenses and certification to ensure a highly skilled workforce.
 - o Continue to expand on MWRA's in-house job shadowing and career development training programs.
 - o Continue to provide training programs with a focus on professional and leadership development.
 - o Continue to aggressively manage MWRA Workers Comp claims to mitigate future exposure.

FY18 Mid-Year Accomplishments:

- Continued to support the agency's efforts in implementing succession planning activities in of an increase in retirements over the next several years.
- Continued to offer supervisory, professional, and career development training programs necessary to support succession planning initiatives.
- Implemented online onboarding program to continue to streamline the hiring process.
- Developed additional specialized recruitment sources to attract women, minorities, and veterans for difficult to fill positions including expanding social network recruiting capabilities.

- Completed a variety of professional and technical training to MWRA employees including Confined Space Entry, Hoisting License Mandatory Refresher Training, Wastewater & Water Operator Exam Prep, Wastewater OJT, OSHA 10-Hour Construction Safety, OSHA 8-Hour Annual Refresher, Supervisory Development, Business Writing, Vehicle Maintenance, Workzone Safety, Lockout/Tagout, Electrical Safety, CPR First Aid, Advance First Aid, Underground Storage Tanks, Chemistry for Water & Wastewater, Harassment Prevention, Keolis & MBTA Track Safety, and Sampling for NPDES Permits & Process Control. Recertified 60 employees as Flaggers.
- Continued to offer additional Leadership Development Programs.
- Provided 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.
- Reduced future MWRA exposure on Workers Comp cases by 500k through claim management and continued utilization of light duty work.
- Investigated complaints of violations of MWRA policies and Code of Conduct as necessary.
- Negotiated a new 3-year contract for Workers Compensation Legal Services.
- Continued to actively negotiate the unresolved Collective Bargaining Agreement.

Budget Highlights:

The FY19 Proposed Budget is \$26.4 million, an increase of \$795,000 or 3.1% as compared to the FY18 Budget.

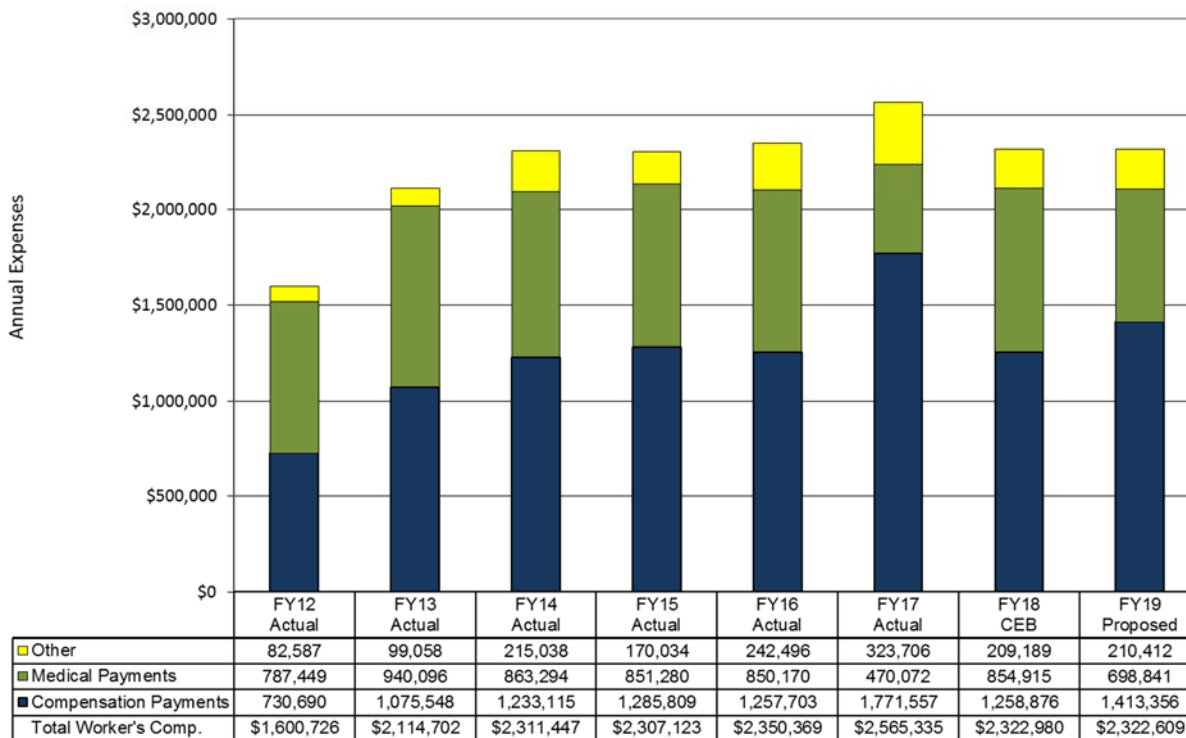
- \$1.7 million for **Wages and Salaries**, an increase of \$27,000 or 1.6%, as compared to the FY18 Budget, primarily for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget includes funding for 17 FTEs, the same as the FY18 Budget.
- \$21.7 million for **Fringe Benefits**, an increase of \$766,000 or 3.7%, as compared to the FY18 Budget, mainly for increases in health insurance costs. The FY18 Final Budget includes \$18.9 million for health insurance, \$1.4 million for Medicare, \$1.2 million for dental insurance, \$150,000 for unemployment insurance, and \$70,000 for tuition reimbursement.

Fringe Benefits			
Line Item	FY18 Budget	FY19 Budget	Difference
Overtime Meals	\$ 79,365	\$ 90,147	\$ 10,782
Health Insurance	18,139,271	18,878,258	738,986
Dental Insurance	1,160,985	1,169,828	8,843
Unemployment Insuranc	160,744	150,000	(10,744)
Medicare	1,387,610	1,416,384	28,774
Tuition Reimbursement	70,000	70,000	-
Total Fringe Benefits	\$ 20,997,975	\$ 21,774,617	\$ 776,641

- \$2.3 million for **Workers' Compensation**, virtually the same as the FY18 Budget. The Workers' Compensation expenses can be difficult to predict and the budget is based on an average of the prior

three years of expenditures. Below is a graph showing actual expenditures beginning in FY12 and budgeted amounts for FY18 and FY19. The Human Resources Department is responsible for the management of this program and the coordination with the third-party administrator and legal counsel.

Worker's Compensation Expenses
FY12 - FY17 Actual, FY18 CEB & FY19 Proposed CEB



- \$651,000 for **Professional Services**, an increase of \$9,000 or 1.4% as compared to the FY18 Budget. The increase is for Medical Evaluation Services based on recent spending and new contract. The FY19 Proposed Budget includes \$358,000 for Professional Development and Technical Training, \$145,000 for Workers' Compensation Claims Administration and Legal Services, \$56,000 for Arbitrators and Arbitration Expenses, \$55,000 for Medical Evaluation Services, \$24,000 for the Employee Assistance Program, and \$13,000 for Specialized Investigation Services.

MANAGEMENT INFORMATION SYSTEMS

The **MIS Department** provides MWRA with the secure information processing services necessary to carry out the Authority's 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 and telephone systems, the department also provides library and records management services. The MIS department supports the 1,150 MWRA users, including those at the Charlestown Navy Yard (CNY), Chelsea Facility, Deer Island Wastewater Treatment Plant, Southborough Facility, Carroll Water Treatment Plant, and other remote sites.

FY19 Proposed Current Expense Budget MANAGEMENT INFORMATION SYSTEM

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 5,210,551	\$ 5,603,390	\$ 6,049,426	\$ 5,971,409	\$ (78,017)	-1.3%
OVERTIME	46,020	20,371	6,000	6,000	-	0.0%
FRINGE BENEFITS	200	344	-	-	-	-
ONGOING MAINTENANCE	2,918,266	4,087,070	3,985,797	3,689,787	(296,010)	-7.4%
TRAINING & MEETINGS	152,823	132,826	146,528	146,528	-	0.0%
PROFESSIONAL SERVICES	164,162	463,713	650,000	700,000	50,000	7.7%
OTHER MATERIALS	594,297	299,222	868,222	1,431,154	562,932	64.8%
OTHER SERVICES	1,259,255	1,384,070	1,309,065	1,415,138	106,073	8.1%
TOTAL	\$ 10,345,574	\$ 11,991,006	\$ 13,015,038	\$ 13,360,016	\$ 344,978	2.7%

FY19 Goals and Initiatives:

IV. Finance and Management

- **Goal #14 – Leverage Information Technology to Improve Organizational Effectiveness:**
 - o Deliver Information Technology (IT) services and solutions efficiently and effectively.
 - o Provide IT solutions to streamline work processes by leveraging the use of existing or emerging technologies.
 - o Maintain current technology hardware, software, and network infrastructures.
 - o Maintain a secure technological environment by ensuring the confidentiality, availability, and integrity of MWRA data.

The MIS Department divides the IT services that it provides into 4 programs. A description of each program and the specific initiatives in each are detailed below:

Information Technology Management Program

This program is intended to improve the Information Technology (IT) organization and the oversight processes for selecting, implementing and operating IT solutions throughout the MWRA.

- Complete the transition of application responsibilities to the appropriate team, which matches the new organizational structure for the department.

Application Improvement Program Initiatives

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 136 applications with 242 modules that support various business functions across the Authority. Sixty-six percent of these modules are commercially available off the shelf packages.

Administration and Finance Initiatives

- ***Electronic Document Management:*** A component of ECM with a "proof of concept" being conducted with the Chelsea Creek Headworks Rehabilitation Project for e-Construction. e-Construction is a paperless engineering and construction administration delivery process. This process includes electronic submission of all engineering and construction documentation by all stakeholders, electronic document routing/approvals (e-signature), and digital management of all construction documentation in a secure environment allowing distribution to all project stakeholders through mobile devices. Based on this proof of concept, the MWRA is pursuing the identification of a Content Management System that will support e-Construction processes as well as design (e-Engineering) processes including corresponding Procurement and Contract Management processes (e-Procurement) and corresponding Document and Records Management processes. The identified content management system will improve communication and make design and construction management practices more efficient, replace the legacy document/records management system and provide the infrastructure for expansion and integrations with other systems.
- ***e-Discovery:*** A component of Enterprise Content Management (ECM) is underway with the pilot design and implementation of both the Enterprise Vault system archiving application and the Clearwell identification and collection electronic discovery application. The Enterprise Vault system is being evaluated for archiving and related deduplication processes allowing for more efficient data storage and backups. The Clearwell application is being evaluated for supporting public records requests and litigation document/discovery for documents across the Authority. This is underway and will be completed in FY19
- ***Enterprise Resource Planning (ERP) System Upgrades:*** Upgrades are scheduled for the e-procurement applications infrastructure, Mobile Supply Chain Management (MSCM), and the Business Software, Inc. Tax Factory application. In addition, a comprehensive ERP version upgrade will be undertaken. Upgrades include selecting new Time Entry system, planning and replacement of the existing hardware platform to support future upgrade of ERP version, and choosing a replacement for the Budgeting Application to ensure vendor support.

Compliance Management Initiatives

- ***Electronic Laboratory Notebook (ELN):*** Complete any remaining tasks for the ELN Improvement Project. Then begin ELN - Phase II Wastewater. Phase II will replace paper logbooks used the Department of Lab Services Wastewater Labs. Phase II is a significantly larger project than Phase I. This project will begin in FY19 and span multiple years.
- ***PIMS CROMERR Compliance:*** CROMERR provides the legal framework for electronic reporting under EPA's regulatory programs. MWRA must modify its Pretreatment Information Management System (PIMS) to transition to electronic reporting. Efforts are underway to modify code to implement PIMS CromERR compliance in the development environment. The efforts will require changes to be implemented by IPS as well as EPA on their respective applications.
- ***HOML Upgrade:*** Re-platform the Harbor Outfall Monitoring and Loading database.
- ***Oracle Discoverer Migration to SAP Business Objects (BO):*** Oracle is planning to end support of the Oracle Discoverer product and MWRA wants to switch to SAP BO technology. SAP BO has technical/functional capabilities similar to Oracle Discoverer. There are approximately 500-600 Oracle Discoverer Workbooks that need to be migrated to SAP BO. The upgrade of Oracle Discoverer was started in March 2018. A consultant specialized in Oracle discoverer has been hired to work with MIS Staff. This project is very likely to wrap up in FY18. Migration to SAP BO will happen after this effort to upgrade is completed.
- ***Contaminate Warning System (CWS) Upgrades:*** Upgrade the CWS operating systems, add new data storage and visualization capabilities and provide a more reliable collection and storage system. After stabilization work is completed, discussions for upgrade of existing DHI/CWS will be taken up or will transition to a different product, based on user decision.

System Integration and Data Warehousing Initiatives

- ***ESRI GIS Infrastructure:*** MIS will invite ESRI for a study of the existing GIS environment to get recommendations on best practices. This will include establishment of state of the art Development, Test and Production environments not limited to ArcServer and Portal components of GIS application system.

Operations Management Initiatives

- ***PI:*** Multiple PI related projects are planned for FY19. Data Archiver server upgrade: An upgrade is required to the server to PI Data Archive 2017 R2 to fix a security issue. Access 2003 with old PI ODBC driver upgraded to 2016 with new ODBC driver: Upgrading to Access 2016 with the latest ODBC drivers causes older queries written to get PI data no longer work. Access changes the field data types as compared to the old connection. This change causes the PI queries to fail. Aside from re-writing the queries, other solutions will be investigated.

- **Telog:** The Enterprise Telog system currently communicates over the internet. The communication infrastructure will be moved to a private wireless network as is done with the Contaminate Warning System in FY19.
- **Computerized Maintenance Management System (CMMS) Enhancements:** The ICD service portion will be implemented and completed (earliest) by FY19 Q2.

Information Security Program Initiatives

This program focuses on the strength, resiliency, and sustainability of MWRA’s cyber security practices for its data and computing-related assets. The program also monitors for and protects against penetrations, intrusions, and malicious actions from both internal and external threats. The projects associated with this program continue to assess, implement, and improve MWRA’s information security protections, including recommendations to improve each IT system’s security profile. The following are the FY19 projects under this program:

- **Phase 2 of the Information Security Program Implementation:** Phase 2 of this program focuses on the review and formalization of draft information security policies, standards and procedures into daily operations. Work will continue in FY19 to complete the remaining eleven policies.
- **Malware Detection and Prevention Appliance Replacement:** The current appliance (FireEye) used for malware detection and intrusion prevention is reaching End of Life (EOL). A replacement must be procured and implemented to ensure the MWRA has continued protection.
- **Managed Security Services (MSSP) Contract Renewal:** NWN Corporation in conjunction with Symantec currently provides monitoring services for the aforementioned technologies through FY19. Work will begin in FY19 to prepare for the end of this contract and initiation of a new contract.

Technology Infrastructure Improvement Program

The MWRA currently owns and operates 1,362 desktops, 170 laptops, 162 tablets and 220 iPhones. 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 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). This will be an ongoing effort as new technologies are introduced and business tools are developed.
- **Disaster Recovery:** Build out of the Deer Island data center enabling the ability to restore business data and applications there should the Chelsea data center, servers or infrastructure get damaged or destroyed
- **Network Storage Improvements:** Plan for the migration and implementation for consolidation of new storage requirements for archiving, and implement e-discovery services.

- **Telephone System Replacement:** The current telephone system, Mitel PBXs, has exceeded end of life and is unsupported by the vendor. Much of the current hardware cannot be replaced unless using refurbished equipment, as it is no longer being manufactured. MWRA is not able to upgrade the software or purchase new features because the software is no longer supported. A Telephone System Replacement should be implemented for continued and reliable service.
- **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.
- **Office Automation Refresh Program:** Desktop, mobile, printers, MFD etc. FY19 is targeted for a complete hardware and operating system upgrade for PCs.
- **Workforce Mobilization:** Continue to explore new technologies and hardware platforms to improve efficiencies in business process.
- **Central Data Repository:** Begin to develop a comprehensive approach to Data Management that can act as a single central data repository for all MWRA applications.
- **Enterprise Application Integration (EAI):** Establish a dynamically scaling Enterprise Service Bus (ESB) technology product, implemented as an Integration Platform for select MWRA applications. This will standardize data flow/data exchange format and integrate disparate MWRA applications to the ESB and hence to the Central Data Repository.

FY18 Mid-Year Accomplishments:

Information Technology Management Program

- **MIS Reorganization:** MIS has completed the organizational transformation recommended in the 5-year Strategic Plan. The transition of responsibilities for all applications continued during FY19.
- **Established a MWRA Software Development Life Cycle (SDLC):** An SDLC Methodology was developed and implemented along with associated project related document templates for project descriptions and schedules, requirements development, system/design documentation, test plans, training materials, and production operations and maintenance manuals. The templates are being used on all new software development projects to help ensure the projects are understood by all parties involved and the transition from design/development to production/operations is successful.

Application Improvement Program

- **Miscellaneous Lawson Support:** In FY18, the Lawson-Portia Interface (namely 'MW433') was developed and promoted to production. The interface was developed to process (i) Variable Interest, (ii) Change in Market Value and (iii) Long Term interest (MWRA) Investments. 'MW433' will allow Finance/Treasury users to post (apply) Variable Interest (VAR), Change in Market Value (CHG) and Long Term Interest (LTI) from PORTIA to Lawson GL accrual system.

- ***Talent Acquisition Application:*** Completed implementing the final phase of Applicant Pro, OnBoarding. The OnBoarding module of ApplicantPro gives the MWRA the ability to collect securely all completed new hire forms (W-4, I-9, GIC, Retirement, etc.) from the selected candidate prior to the scheduled orientation. Additionally, new hires have the ability to review all pertinent information such as Policies, Procedures, Code of Conduct, etc. that all MWRA employees need to familiarize themselves with electronically.
- ***Computerized Maintenance Management System (CMMS) Enhancements:*** ICD will go live in end of Q4 FY18 for problem/bug fixing. The (ICD) service portion will be implemented and completed (earliest) by FY19 Q2 or later The Maximo Upgrade from 5.2 to 7.6 was completed in Q2 of FY18.
- ***Electronic Laboratory Notebook (ELN):*** Phase I of ELN was completed Q1 FY18, 23 logs that were determined to be a good fit for ELN were put into production. A new project, ELN Improvements, kicked off to utilize opportunities to increase efficiency and productivity using ELN. The Improvement project began Q2 of FY18 and is underway. It will be completed in Q4 of FY18 / Q1 of FY19.
- ***LIMS:*** A refresh of the Development and Test environments was completed Q3 FY18. This will help improve efficiency and testing of new development by making the development and test environments match the current production environment. TRAC QC project was completed Q1 FY18. LIMS Control Chart Part I – Data Load project was completed Q2 FY18.
- ***PIMS CROMERR Compliance:*** The first step of the PIMS CromERR upgrade was to upgrade the WebSMR application system. The WebSMR application system is now hosted on a new virtual machine with latest version of hardware and software components in both the production and development environments.
- ***Buoy Data Collection and Visualization Project:*** The effort to upgrade buoy data collection application system and visualization was successfully completed. A new application system leveraging OSISoft's PI technology has been put in place. This application will read, store and visualize data received from the buoys. This effort will stream line the buoy data collection and management processes, to better meet MWRA needs related to data manipulation and export the data in a format matching DCR expectations. Efforts are on to upgrade DCR website per new requirements from users.
- ***Geographic Information System (GIS) Integration:*** Integrate the GIS spatial technology into business and operational applications and determine an overall strategy for delivering spatial real-time dashboards for managing the MWRA infrastructure. This was completed with the new Maximo 7.6 production environment set up in FY18 Q2.
- ***Contaminate Warning System (CWS) Upgrades:*** The stabilization of present DHI CWS is in progress. The effort will be completed in FY18.
- ***Telog:*** The Telog Enterprise Application System was successfully upgraded in both the development and production environments in FY18. The new application system resides in virtual environment with latest version of software Components.

- ***TV truck software Upgrade from GraniteXP to GraniteNet:*** Currently, Operations uses the software GraniteXP from Cues, Inc. to collect wastewater pipe inspection data. The data consists of video and sonar data collected from the inside of the wastewater pipes. The pipe condition is assessed and recorded for maintenance scheduling purposes. Cues is phasing out GraniteXP and replacing it with GraniteNet. This project would upgrade the Oracle database to the new GraniteNet format as well as upgrade the software on the two TV Trucks and two desktops. All users, even those who currently just view the inspection data at their desktop computers will also have to upgrade to the GraniteNet viewer. This is planned for FY18.
- ***Water Quality Reporting System (WQRS)/AQUARIUS Upgrade:*** WQRS/Aquarius application system was upgraded in FY18. Three new environments, Development, Test and Production are in place. The software was upgraded from v3.3 to v3.10.
- ***Computerized Maintenance Management System (CMMS) Enhancements:*** The Maximo Upgrade from 5.2 to 7.6 was completed in Q2 of FY18. This includes testing of Crystal reports, ad hoc reports and interfaces to Lawson. ICD will go live in end of June in FY18 for problem/bug fixing.
- ***Custom Development:*** A number of small initiatives in the Custom Development arena were started and some of them were completed in FY18:
 1. 27 .NET applications were recompiled in the latest version i.e. 4.7 .NET
 2. New Production environment was built on Windows 2012 R2 for the deployment of all custom developed .NET applications
 3. New Continuous Integration environment was put in place leveraging TeamCity tool from JetBrains and TFS from Microsoft
 4. AVL (Auto Vehicle Locator) .NET solution was developed to download requisite data from Networkfleet SaaS solution to MIS database tables using WebAPI provided by Networkfleet in FY18.
 5. Water Conservation .NET web application was developed using MVC (Model View Control ver. 5) .NET architecture. Likely to go to production in FY18
 6. OMMS is another application in development using same architecture as Water Conservation. The DCR portion of the project is likely to be delivered in FY18 and the remainder FY19.
- ***Management Dashboards & Reporting:*** The Management Dashboard web application was implemented in FY18 with the objective to display employee benefit data graphically in charts for ease of review and reporting. An initial rollout was done with the Operations Department. Expanded use of the web application is available upon request.

Information Security Program

- ***Phase 2 of the Information Security Program Implementation:*** Phase 2 of this program focuses on the review and formalization of draft information security policies, standards and procedures into daily operations. The first of the new policies is being routed for signature by the Executive Office.
- ***Secure Media Destruction Program:*** With changes in technology and business processes, there has been a decrease in the volume of requests for digital media destruction. This internal IT policy was documented and will be published for future secure media destruction to be utilized as the need arises.

- **End User Security Awareness:** Additional mandatory employee training has been scheduled for FY18, that will include an overview of the most common cyber threats faced by organizations, will address employee responsibilities and prohibited activities and will provide managers with practical direction on the protection of confidential information.
- **Branch Office VPN Replacement:** The hardware appliance providing network connectivity from the smaller branch offices is approaching end of support and product life. This initiative will explore VPN technologies to replace the existing solution. Design work is complete for this project. Hardware has not been received yet. This work is estimated to be completed before the end of FY18

Technology Infrastructure Improvement Program

- **Workforce Mobilization:** To date a total of 332 mobile devices have been deployed to MWRA staff. Leveraging the Mobile Device Management and Application Delivery platform, staff are able to access business applications while in the field.
- **Office Automation Refresh Program:** Desktop, mobile, printers, MFD etc. In FY18 24 Multi-function devices at multiple location where replaced. There are 10 more MFDs scheduled to be replaced in FY18 as leases expire. The engineering and planning for the Desktop Refresh project has been initiated and will be completed before the end of FY18.
- **Desktop Microsoft Office Application Suite Upgrade:** This project upgraded and standardized the version of Microsoft Office Applications to Office 2016. This initiative started in March 2017 was completed in FY18 Q2.
- **Server Backup Software Replacement:** Implemented a new server backup solution, COMMVault. A majority of servers have been migrated to the new solution. The remaining will be completed before the end of FY18. The new solution is designed for highly virtualized environments, all current server platforms, and is intuitive. A cost savings of more than \$300,000 is estimated over five years.

Budget Highlights:

The FY19 Proposed Budget is \$13.4 million, an increase of \$345,000 or 2.7% as compared to the FY18 Budget.

- \$6.0 million for Wages and Salaries, a decrease of \$78,000 or 1.3% as compared to the FY18 Budget. The FY19 Proposed Budget includes funding for 2.4 FTEs fewer than the FY18 Budget, offset by wage increases associated with collective bargaining agreements.
- \$3.7 million for **Ongoing Maintenance**, a decrease of \$296,000 or 7.4%, as compared to the FY18 Budget. The FY17 budget included \$424,000 for the Authority-wide upgrade of the Microsoft Office suite. That amount is eliminated from the FY18 budget. However, a number of software licenses and equipment are coming off warranty and will be requiring maintenance contracts offsetting a portion of the budget reduction.

- \$700,000 for **Professional Services**, an increase of \$50,000 or 7.7% as compared to the FY18 Budget. Planned projects for FY19 include Audit Report Tracking, Employee Acknowledgment Tracking, Geosample Storage Tracking, Complaints Database, Tiscor upgrade, Aquarius Contact and Intensity Time Calculators, Autocad modules, PGP Upgrade, Data Warehousing Study, Enterprise Application Integration.
- \$1.4 million for **Other Materials**, an increase of \$563,000 or 64.8%, as compared to the FY18 Budget. The increase is for the purchase of new desktops and laptops. The upgrade to Microsoft Windows 10 operating system Windows 10 required that most of the MWRA's PC's be replaced.
- \$1.4 million for **Other Services**, an increase of \$106,000 or 8.1%, as compared to the FY18 Budget. Funding of \$1.2 million for facility and security data lines and network upgrades. Remaining funds are for the lease of Automatic Vehicle Locator (AVL) services.

PROCUREMENT

The **Procurement Department** provides timely and high quality services to all MWRA Divisions to enable MWRA programs to meet their public, production and schedule responsibilities. The Procurement Department is responsible for procuring materials, equipment, supplies, construction, professional, and non-professional services in a timely, efficient, and openly competitive process in accordance with MWRA applicable law and policies and procedures, including those related to meeting affirmative action goals. The Department also maintains a centralized, efficient, and cost-effective management of spare parts and operating supplies inventory.

FY19 Proposed Current Expense Budget PROCUREMENT

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 3,624,579	\$ 3,556,164	\$ 3,857,675	\$ 4,135,910	\$ 278,235	7.2%
OVERTIME	11,841	20,492	24,971	23,471	(1,500)	-6.0%
FRINGE BENEFITS	314	501	300	300	-	0.0%
ONGOING MAINTENANCE	637,962	294,290	-	-	-	-
TRAINING & MEETINGS	2,830	4,502	10,750	10,750	-	0.0%
OTHER MATERIALS	137,126	136,628	136,700	139,475	2,775	2.0%
OTHER SERVICES	56,026	54,202	67,150	67,786	636	0.9%
TOTAL	\$ 4,470,678	\$ 4,066,779	\$ 4,097,546	\$ 4,377,692	\$ 280,146	6.8%

The **Procurement Department** includes three operational 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.

FY19 Goals & Initiatives:

IV. Finance & Management

- **Goal #11 - Ensure Financial Sustainability, Integrity, and Transparency:**
 - o Continue to conduct strategic energy procurements for both the purchase of energy and sale of energy credits generated from MWRA energy production.
- **Goal #12 – Ensure Cost-Effective Operational and Resource Management:**
 - o Maintain a recycling program in order to contain MWRA operating costs by removing recyclable materials from the waste stream.
 - o Continue implementing electronic procurement for contract bids, with a focus on electronic bidding for professional services contracts and Massachusetts General Laws Chapter 149 construction projects with filed sub-bids.
 - o Review and update policies and procedures for procurement of professional services, non-professional services and goods and materials.

- o Provide training to MWRA staff on various procurement policies and procedures including purchasing of goods and materials and consultant selection committee service.
- o Update construction contract documents.

FY18 Mid-Year Accomplishments:

- Competitively sold Class I, Class II and Solar Renewable Energy Portfolio Standard (RPS) certificates resulting in FY18 revenues through Q2 of \$468,594.
- Awarded major Capital Improvement Program Contracts including:
 - o CSO Post-Construction Monitoring and Performance Assessment
 - o Northern Intermediate High Section 89 Replacement (Design/ESDC)
 - o Southern Extra High, Section 111 (Dedham North) (Design/ESDC)
 - o DeLauri Pumping Station Bar Screen Replacement (Construction)
 - o Sludge Tank and Silo Coating (Construction)
 - o Liquid Oxygen Storage Yard Canopy, JJCWTP (Construction)
 - o Chestnut Hill Gatehouse Repair (Construction)
 - o Section 14 Water Pipeline Relocation, Malden (Construction)
- Awarded Other Contracts Necessary for Operations and Maintenance, including:
 - o Supply and Delivery of Sodium Hypochlorite, DITP
 - o Insurance Consultant Services
 - o Supply and Delivery of Ferrous Chloride, DITP
 - o Financial & Swap Advisory Services
 - o Dental Insurance
 - o HVAC Systems Maintenance, Western Ops
 - o Supply and Delivery of Hydrogen Peroxide, DITP
 - o Community Leak Detection Survey Services
 - o Workers Compensation Legal Services
 - o Groundskeeping Services, Metro Boston
 - o 69Kv Electrical System Maintenance
 - o Industrial Noise Measurement & Monitoring
 - o Overhead Door Maintenance
 - o Fire Protection Sprinkler System Maintenance
 - o Fuel Storage Tank Maintenance
 - o Boiler and Water Heater Service Elevator Maintenance, Various Facilities
 - o Elevator Maintenance, DITP
 - o Braintree/Weymouth/Chelsea HVAC Upgrades
 - o Nut Island HVAC Insulation
 - o Exterior Door Replacement, DITP
 - o Air Compressor System Service
 - o Wind Turbine Removal, DITP
 - o Diesel Generator Maintenance

- Continued to work with Deer Island Treatment Plant (DITP), Field Operations (FOD), and utility companies to establish energy conservation programs at DITP and FOD facilities utilizing various programs including the Green Communities Act and the utilities' municipal programs. Continued to dispose of surplus scrap metal materials in an environmentally responsible manner.
- Continued development of an electronic procurement bidding process.
- Processed 3,998 purchase orders through Q2 in FY18 for a total of \$16,805,222.
- Online vehicle and equipment auction process resulted in revenue through Q2 of \$128,535.
- Recycled 13.87 tons of batteries, 7.82 tons of paper, 130.27 tons of scrap metal, and 2,139 pounds of stainless steel, aluminum, brass, and copper, generating \$33,561 in revenue through Q2.

Budget Highlights:

The FY19 Proposed Budget is \$4.4 million, an increase of \$280,000 or 6.8% as compared to the FY18 Budget.

- \$4.1 million for **Wages and Salaries**, an increase of \$278,000 or 7.2% as compared to the FY18 Budget, including wage increases associated with collective bargaining agreements as well as additional staffing. The FY19 Proposed Budget funds 46 FTEs. This is an increase of 3 from the FY18 budget which represents a materials handler hired for the Chelsea warehouse to support shipping/receiving activities including handling, kitting, issuing and counting of materials and maintenance of inventory records. The Procurement Department is reviewing two currently funded FTEs that have been vacant for over one year to determine whether the positions should be filled.

REAL PROPERTY AND ENVIRONMENTAL MANAGEMENT

The **Real Property and Environmental Management Department** negotiates the purchase or lease of real estate and land necessary to support MWRA's operations and capital projects in a timely and cost-effective manner, provides staff and others with current information regarding MWRA's real property rights, and manages the disposition of surplus real property in an efficient manner. 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 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.

FY19 Proposed Current Expense Budget REAL PROPERTY / ENVIRONMENTAL MANAGEMENT

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 460,389	\$ 467,549	\$ 482,371	\$ 501,959	\$ 19,588	4.1%
TRAINING & MEETINGS	1,008	5,698	6,000	8,000	2,000	33.3%
PROFESSIONAL SERVICES	15,720	(34)	6,000	10,000	4,000	66.7%
OTHER MATERIALS	279	186	650	650	-	0.0%
OTHER SERVICES	190,575	143,085	305,037	230,948	(74,089)	-24.3%
TOTAL	\$ 667,971	\$ 616,484	\$ 800,058	\$ 751,557	\$ (48,501)	-6.1%

FY19 Goals:

The Real Property and Environmental Management Department supports the MWRA's achievement of all five key strategic priorities set forth in the FY16-FY20 Five-Year Strategic Business Plan.

FY19 Major Initiatives:

- Implement anticipated changes to the MassDEP underground fuel tank (310 CMR 80), waste site cleanup (310 CMR 40), and air pollution control regulations (310 CMR 7).
- Implement MassDEP's new electronic reporting system for air pollutant emissions including greenhouse gases. Emissions will be quantified and reported for MWRA's facilities that meet set regulatory thresholds for both calendar years 2016 and 2017.

FY18 Mid-Year Accomplishments:

Real Estate

- Provided ongoing real estate planning and services to acquire additional space to support the Chelsea facility. Identified nearby Commonwealth controlled parcel, conducted title research, and began process to transfer property from Commonwealth care and control to MWRA with DCAM and DCR.
- Provided real estate services for FRSA (licenses and easements) and for surplus of MWRA property (e.g. Commercial Point).
- Managed seven (7) permit agreements (five at Turkey Hill and two at Walnut Hill). Coordinated with Operations for approval of the equipment changes and improving the invoicing system for maintenance reimbursements. Total revenue for the seven agreements is \$440,000 of which MWRA and the host community each receive half.
- Provided real estate support to Operations and Public Affairs for issuance of 8M permits to 1) private entities requesting use of MWRA controlled land and 2) cities and towns applying to the Aqueduct Trails Program. Annual revenue from long term 8m permit totals \$71,300.
- Provided real estate services (appraisal, negotiation, survey review and/or planning) for: Section 14 waterline easement, Malden, in coordination with the City and a private developer, Southern Extra High Service Pipeline, Dedham (acquisition of temporary easements from two private property owners and permanent and temporary easements from MBTA; Reading Extension Sewer, Stoneham, (easement needs assessment), Meter 10 relocation on private property, Chelsea.
- Provided deed and title research, legislative review, document review with Law Division. Responded to in-house and public regarding ongoing inquiries regarding MWRA real estate rights.
- Provided strategic and technical support in concert with MIS and Planning's GIS group to prepare scope for consultant to upgrade and streamline Real Property data base to a state-of-the-art GIS map based interface. Continued updating records and adding to database on as-needed basis.

Environmental Management

- Continued with remediation and assessment of oil contamination at the Fore River Staging Area (FRSA) facility.
- Continued with the remediation and assessment of the oil contamination resulting from the February 2010 spill at the Cottage Farm Combined Sewer Overflow (CSO) facility.
- Continued to provide technical support during the PCB abatement at the Chelsea Creek Headworks. In addition, provided regulatory support and coordination during the removal of the underground fuel tank and installation of the new underground fuel tank. Provided regulatory support during the excavation and disposal of Massachusetts Contingency Plan-regulated soil at this facility during construction activities.

- Continued to provide technical and regulatory coordination of the fuel tank maintenance contract. Installed new piping at the New Neponset Pump Station, provided support to the General Contractor of Contract 7411 during the removal of two underground fuel storage tanks at the Clinton Wastewater Treatment Plant, and general monitoring system repair and upgrades at other facilities. Continued with the MassDEP-required monthly inspection requirement for all underground fuel storage tank systems as well as voluntary monthly inspections at all above ground fuel storage tank systems.
- Continued to work with the MassDEP and the responsible parties as site assessment and cleanup design continues at two hazardous material waste disposal sites that have impacts on the Sudbury Aqueduct. At the General Chemical site in Framingham the responsible party walked away from their responsibility for site cleanup and responsibility for future activities was assumed by the MassDEP. As a result of this MWRA re-initiated long term semiannual sampling and testing of aqueduct and surface water quality. This work is being performed by MWRA staff.
- Initiated the 5-year updates to the Spill Prevention, Control, and Countermeasure (SPCC) Plan for the Southborough Biosolids Processing Facility, and the Carroll Water Treatment Plant. Drafted new plans for the Hingham and Quincy Pump Stations. Incorporated these new and revised plans into the MWRA-wide SPCC annual training program. Completed annual inspections at eleven (11) MWRA facilities where oil is used and stored in accordance with the SPCC regulations.
- Continued to prepare, coordinate and oversee the completion of annual SPCC Plan training of over 200 MWRA oil handling staff and managers.
- Provided technical and environmental regulatory support regarding environmental regulatory compliance, contaminated soil and groundwater management, as well as geotechnical issues on various design and construction projects, including:
 - Northern Intermediate High project
 - Southern Extra High Pipeline
 - Section 50 and 57 Water Line rehabilitation
 - Section 23, 24, and 47 Water Line rehabilitation
 - General Edwards Bridge water main replacement
 - North Metropolitan Sewer rehabilitation
 - Peabody Pipeline extension
 - WASM 3 rehabilitation
 - Metro Water Transmission System redundancy
 - Fuel storage tank installation design and construction at the Quincy and Hingham Pump Stations
 - Alewife Brook Pump Station facility upgrades
 - Clinton Wastewater Treatment Plant phosphorus removal upgrades
 - Prison Point CSO Facility upgrades
 - Cosgrove Power Station roof replacement
 - Nut Island Headworks Odor Control and HVAC improvements
 - Commonwealth Avenue Pump Station Improvements
 - Hazardous building material assessments to support building upgrade and demolition at the Wachusett Dam Lower Gatehouse and the Southborough Oren Nichols buildings respectively

- Continued to provide ongoing regulatory technical support to Operations staff for the diesel oxidation catalyst-equipped engines at Cottage Farm, Prison Point, and CWTP including annual accuracy audits for each engine's monitoring systems, quarterly review of data to identify any non-compliant periods of operation and timely submission of semi-annual compliance reports to EPA.
- Completed air emissions compliance testing at the DITP's Residuals Odor Control facility including submission of an official test report to MassDEP in accordance with the monitoring and testing requirements of the DITP's operating permit.
- Review of final regulation 310 CMR 7.74 *Reducing CO₂ Emissions from Electricity Generating Facilities* published on August 11, 2017 noting successful exemption of the Deer Island facility accomplished via negotiation and submittal of official comment to MassDEP's online portal.
- Continued to prepare and submit quarterly, semi-annual and annual air monitoring and emissions compliance reports to EPA and DEP for DITP, Biosolids Processing Facility, Nut Island Treatment Plant, CWTP, Prison Point CSO and Cottage Farm CSO.

Budget Highlights:

The FY19 Proposed Budget is \$752,000, a decrease of \$49,000 or 6.1% as compared to the FY18 Budget.

- \$502,000 for **Wages and Salaries**, an increase of \$19,000 or 4.1% as compared to the FY18 Budget, primarily for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget includes funding for four FTEs, the same as the FY18 Budget.
- \$10,000 for **Professional Services**, an increase of \$4,000 or 66.7% as compared to the FY18 Budget based on an anticipated need for appraisal services for FY19.
- \$231,000 for **Other Services**, a decrease of \$74,000 or 24.3% as compared to the FY18 Budget. The decrease is due to the actual contract pricing for the underground storage tank project awarded in August 2017.



Finance Division Budget

FINANCE DIVISION

Finance

Director's Office
Rates and Budget
Treasury
Controller
Risk Management

The **Finance Division** is responsible for managing the finance functions of the Authority. It performs a multitude of functions that support the daily operations and ensure the implementation of the Authority's long term goals and strategies. The Finance Division also 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).

FY19 Proposed Current Expense Budget						
FINANCE DIVISION						
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 3,327,444	\$ 3,356,207	\$ 3,515,819	\$ 3,629,741	\$ 113,922	3.2%
TRAINING & MEETINGS	1,276	1,912	3,000	3,000	-	0.0%
PROFESSIONAL SERVICES	572,658	485,783	590,060	615,263	25,203	4.3%
OTHER MATERIALS	11,016	4,734	11,100	11,100	-	0.0%
OTHER SERVICES	5,696	4,486	6,365	6,175	(190)	-3.0%
TOTAL	\$ 3,918,090	\$ 3,853,121	\$ 4,126,344	\$ 4,265,279	\$ 138,935	3.4%

The Finance Division is comprised of five departments: Director's Office; Rates and Budget; Treasury; Controller; and Risk Management.

FY19 Proposed Current Expense Budget						
FINANCE by Department						
DEPARTMENT	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
DIR OFFICE (FINANCE)	\$ 250,203	\$ 226,092	\$ 271,722	\$ 246,198	\$ (25,524)	-9.4%
CONTROLLER	1,366,086	1,411,844	1,491,952	1,534,573	42,621	2.9%
RATES AND BUDGET	820,478	875,443	902,959	929,486	26,527	2.9%
TREASURY	1,034,017	835,584	973,132	1,053,223	80,091	8.2%
RISK MANAGEMENT	447,307	504,159	486,579	501,800	15,221	3.1%
TOTAL	\$ 3,918,090	\$ 3,853,121	\$ 4,126,344	\$ 4,265,279	\$ 138,935	3.4%

FY19 Goals & Initiatives:

The Finance Division supports the fourth key strategic priority set forth in the Authority's FY 2016-2020 Strategic Business Plan.

IV. Finance & Management

- **Goal #11- Ensure Financial Sustainability, Integrity, and Transparency:**
 - Develop and implement long-term strategies to ensure assessment increases to MWRA's communities are sustainable and predictable, both at the combined and at the water and wastewater utility level.
 - Continue to fund the pension at appropriate levels and address the Other Post-Employment Benefits.
 - Manage MWRA's debt portfolio to contribute to the achievement of sustainable and predictable utility assessment increases.
 - Manage diversification strategy to insulate against overexposure and promote resiliency to changing market conditions.
 - Continue assessment and evaluation of sustainable cost savings opportunities throughout the organization.

FY18 Mid-Year Accomplishments:

- Developed the FY19 Proposed Budget consistent with the FY18 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 the Authority's practice of using surplus funds to defease debt in future years as part of the long-term rate control strategy.

Budget Highlights:

- The FY19 Proposed Budget for the Finance Division is \$4.3 million, an increase of \$139,000 or 3.4% as compared to the FY18 Budget.

DIRECTOR'S OFFICE

- \$3.6 million for **Wages and Salaries**, an increase of \$114,000 or 3.2% as compared to the FY18 Budget, mainly due to the return of a part-time employee to full-time in the Treasury Department and wage increases associated with collective bargaining agreements. The FY19 Proposed Budget funds 36 FTEs, .5 FTE more than the FY18 Budget.

FTEs		
FINANCE by Department		
DEPARTMENT	FY18 FTEs	FY19 FTEs
DIR OFFICE (FINANCE)	2.0	2.0
CONTROLLER	15.0	15.0
RATES AND BUDGET	8.0	8.0
TREASURY	6.5	7.0
RISK MANAGEMENT	4.0	4.0
TOTAL	35.5	36.0

The **Finance 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. 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 financial issues.

The Division's continuing challenge in FY19 will be maintaining an agency-wide focus on balancing competing needs to minimize assessment increases while ensuring the provision of critical MWRA services.

FY19 Proposed Current Expense Budget							
FINANCE DIVISION DIRECTOR'S OFFICE							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 241,578	\$ 219,632	\$ 256,832	\$ 231,346	\$ (25,486)	-9.9%	
TRAINING & MEETINGS	635	1,852	3,000	3,000	-	0.0%	
OTHER MATERIALS	7,442	3,622	10,100	10,100	-	0.0%	
OTHER SERVICES	547	986	1,790	1,752	(38)	-2.1%	
TOTAL	\$ 250,203	\$ 226,092	\$ 271,722	\$ 246,198	\$ (25,524)	-9.4%	

FY19 Goals and Initiatives:

IV. Finance & Management

- **Goal #11- Ensure Financial Sustainability, Integrity, and Transparency:**
 - Manage and coordinate the Authority's finance functions.
 - Identify and pursue optimization in all aspects of MWRA's financial operations.
 - Continue to fund the Pension Fund at the annual required contribution level and to develop strategies to address the growing Other Post-Employment Benefits.
 - 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 sustainable and predictable assessments and charges to our communities at both the water and wastewater utility level.

Budget Highlights:

The FY19 Proposed Budget is \$246,000, a decrease of \$26,000 or 9.4% as compared to the FY18 Budget.

- \$231,000 for **Wages and Salaries**, a decrease of \$26,000 or 9.9% as compared to the FY18 Budget, reflecting personnel change. The FY19 Proposed Budget funds two FTEs, the same as in FY18.

RATES AND BUDGET

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 rate projections.

FY19 Proposed Current Expense Budget RATES AND BUDGET

LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 818,871	\$ 874,207	\$ 901,534	\$ 928,137	\$ 26,603	3.0%
TRAINING & MEETINGS	588	60	-	-	-	-
OTHER MATERIALS	305	447	500	500	-	0.0%
OTHER SERVICES	713	728	925	849	(76)	-8.2%
TOTAL	\$ 820,478	\$ 875,443	\$ 902,959	\$ 929,486	\$ 26,527	2.9%

FY19 Goals and Initiatives:

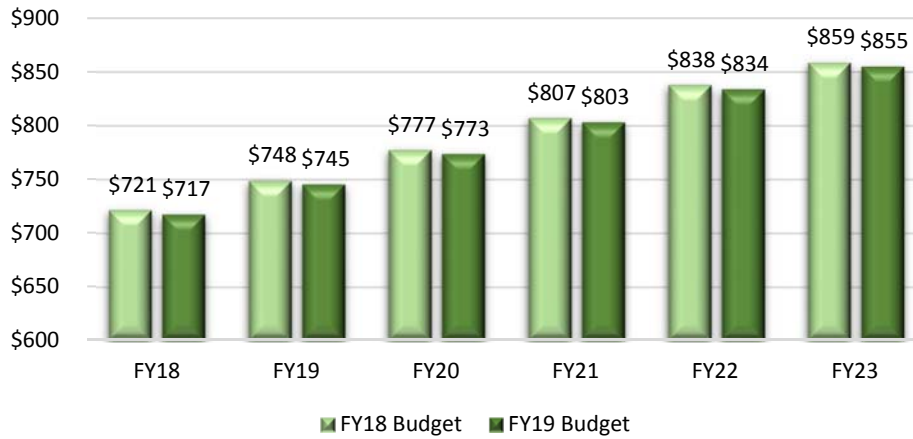
I. Finance & Management

- **Goal #11- Ensure Financial Sustainability, Integrity, and Transparency:**
 - Continue long-term strategic budgeting practices to ensure predictable and sustainable sewer and water assessments and charges to our member communities at both the combined and the water and wastewater utility level.
 - Continue to employ budget and expense control practices to manage expenses.
 - Continue to 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.
 - Provide financial analysis as required.
 - Start the process of evaluating and selecting software applications to replace the CIP program.
 - 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.

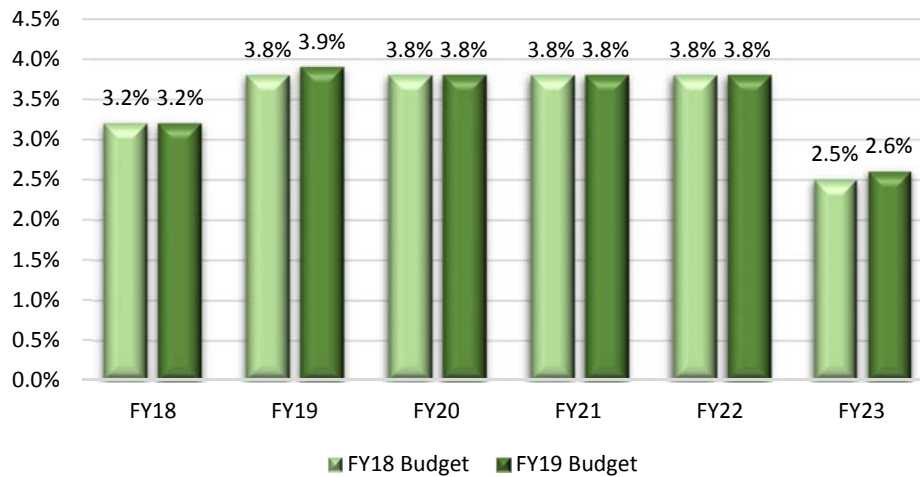
FY18 Mid-Year Accomplishments:

- Developed the FY19 Current Expense Budget and the Capital Improvement Program at or below the FY18 planning estimates for combined water and sewer assessment increases.

**Assessment Projections FY19 vs FY18
(\$ in millions)**



Projected Assessment Changes FY19 vs FY18



Budget Highlights:

The FY19 Proposed Budget is \$929,000, an increase of \$27,000 or 2.9% as compared to the FY19 Budget.

- \$928,000 for **Wages and Salaries**, an increase of \$27,000 or 3.0% as compared to the FY18 Budget, for wage increases associated with collective bargaining agreements. The FY19 Proposed Budget funds eight FTEs, the same as in the FY18 Budget.

TREASURY

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

FY19 Proposed Current Expense Budget							
TREASURY							
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18		
WAGES & SALARIES	\$ 609,604	\$ 553,610	\$ 577,422	\$ 632,348	\$ 54,926	9.5%	
TRAINING & MEETINGS	52		-	-	-	-	
PROFESSIONAL SERVICES	418,966	280,437	394,060	419,263	25,203	6.4%	
OTHER MATERIALS	2,050	324	300	300	-	0.0%	
OTHER SERVICES	3,345	1,214	1,350	1,312	(38)	-2.8%	
TOTAL	\$ 1,034,017	\$ 835,584	\$ 973,132	\$ 1,053,223	\$ 80,091	8.2%	

FY19 Goals and Initiatives:

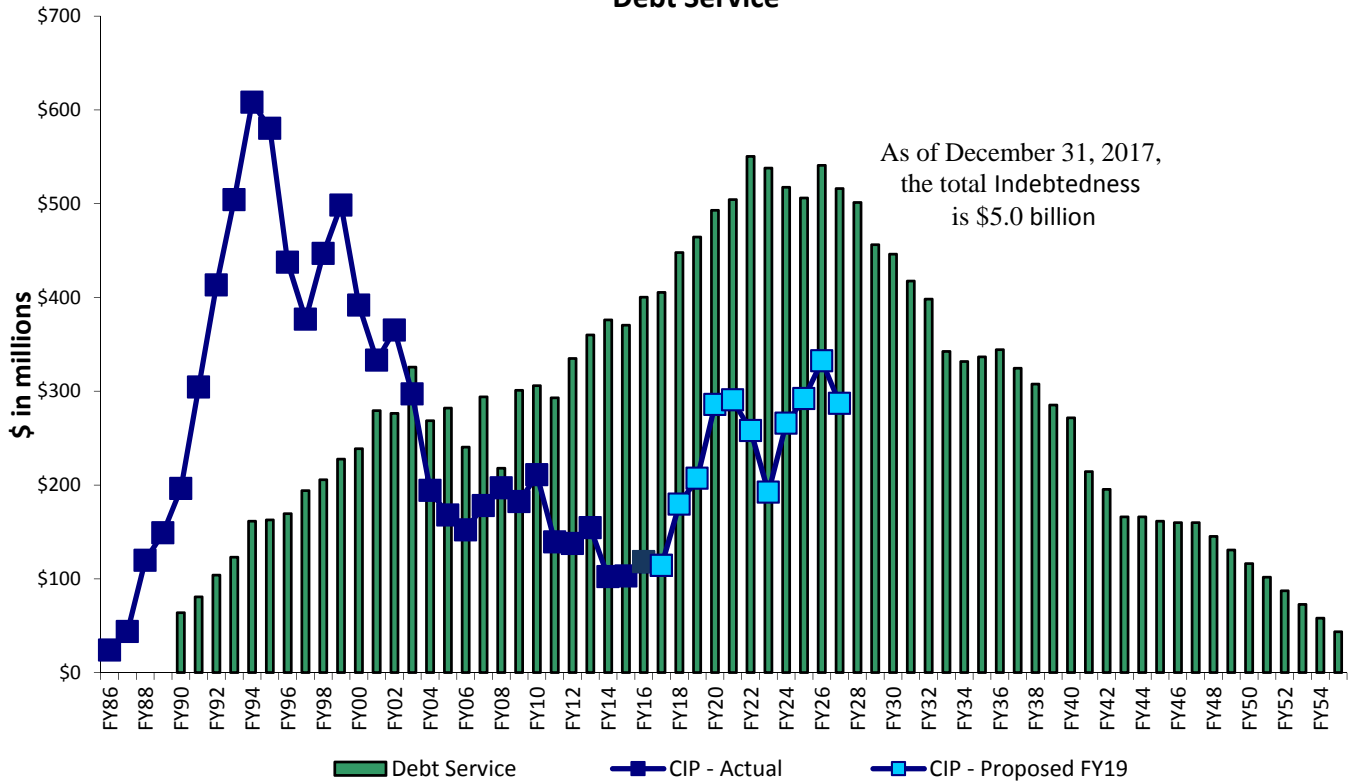
IV. Finance & Management

- **Goal #11- Ensure Financial Sustainability, Integrity, and Transparency:**
 - Manage debt and investment portfolio to maximize savings/returns in compliance with all applicable rules and regulations while maintaining compliance with the General Revenue Bond Resolution requirements regarding security and liquidity and contributing to the achievement of sustainable and predictable assessment increases.
 - Continue diversification strategy to insulate against overexposure and promote resiliency to changing market conditions.

FY18 Mid-Year Accomplishments:

- Executed a \$9.6 million defeasance of outstanding senior principal in October 2017. This defeasance reduced the debt service requirement between FY19 and FY21 by a total of \$10.6 million reducing the rate of increase to the Rate Revenue Requirement in those years.
- Procured direct purchase agreements to replace the 2008 Series F and 2012 Series F bonds. \$50.6 million in Multimodal Subordinated General Revenue Refunding Bonds were awarded to TD Bank N.A. and \$50.0 million to U.S. Bank N.A.
- 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.

MWRA Capital Improvement Spending & Debt Service



Budget Highlights:

The FY19 Proposed Budget is \$1.1 million, an increase of \$80,000 or 8.2% as compared to the FY18 Budget.

- \$632,000 for **Wages and Salaries**, an increase of \$55,000 or 9.5% as compared to the FY18 Budget, due to the return of a part-time employee to full-time and wage increases associated with collective bargaining agreements. The FY19 Proposed Budget includes funding for seven FTEs, an increase of .5 FTE over the FY18 Budget.
- \$419,000 for **Professional Services**, an increase of \$25,000 or 6.4% as compared to the FY18 Budget. These funds are used for financial and bond council services. The increase is due to increases in contracted services for bank custodial services and financial advisory services.

CONTROLLER

The **Controller Department** consists of the Accounting, Accounts Payable, Accounts Receivable, and Payroll units. The department has the responsibility for ensuring integrity within the financial accounting system and integration among the four 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.

FY19 Proposed Current Expense Budget						
CONTROLLER						
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed	Change FY19 to FY18	
WAGES & SALARIES	\$ 1,246,698	\$ 1,274,415	\$ 1,333,452	\$ 1,376,111	\$ 42,659	3.2%
PROFESSIONAL SERVICES	117,615	135,881	156,000	156,000	-	0.0%
OTHER MATERIALS	982	338	200	200	-	0.0%
OTHER SERVICES	791	1,210	2,300	2,262	(38)	-1.7%
TOTAL	\$ 1,366,086	\$ 1,411,844	\$ 1,491,952	\$ 1,534,573	\$ 42,621	2.9%

FY19 Goals and Initiatives:

IV. Finance & Management

- **Goal #11- Ensure Financial Sustainability, Integrity, and Transparency:**
 - Implement process efficiencies in all department units.
 - Enhance controls to safeguard Authority assets and ensure accurate and timely reporting.
 - Implement new cash management tool for recording cash transactions to General Ledger.
 - Continue to support management initiatives with underlying documentation and detail.
 - Implement any new or changed GASB standards as appropriate.
 - Manage the certification of Financial Statements by Independent Auditors.

FY18 Mid-Year Accomplishments:

- Successfully completed certified financial statement audit with no audit findings.
- Completed automation of multiple Payroll Department documents.

Budget Highlights:

The FY19 Proposed Budget is \$1.5 million, an increase \$43,000 or 2.9% as compared to the FY18 Budget.

- \$1.4 million for **Wages and Salaries**, an increase of \$43,000 or 3.2%, as compared to the FY18 Budget, due to wage increases associated with collective bargaining agreements. The FY19 Proposed Budget funds 15 FTEs, the same as the FY18 Budget.

RISK MANAGEMENT

The **Risk Management Department** is responsible for all MWRA insurance programs and risk management functions. Department staff manages 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 serves as liaisons to insurance industry participants including brokers, insurers, insurance consultants, and attorneys as well as providing support to all MWRA departments.

FY19 Proposed Current Expense Budget							
RISK MANAGEMENT							
LINE ITEM	FY16	FY17	FY18	FY19	Change		
	Actuals	Actuals	Final Budget	Proposed	FY19 to FY18		
WAGES & SALARIES	\$ 410,693	\$ 434,343	\$ 446,579	\$ 461,800	\$ 15,221	3.4%	
PROFESSIONAL SERVICES	36,077	69,466	40,000	40,000	-	0.0%	
OTHER MATERIALS	237	3	-	-	-	-	
OTHER SERVICES	300	347	-	-	-	-	
TOTAL	\$ 447,307	\$ 504,159	\$ 486,579	\$ 501,800	\$ 15,221	3.1%	

FY19 Goals and Initiatives:

IV. Finance & Management

- **Goal #11- Ensure Financial Sustainability, Integrity, and Transparency:**
 - 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.
 - Process self-insured automobile, general liability, property damage, and construction contract claims in an efficient and timely manner.
 - Provide support to all MWRA Departments on all insurance, claims, litigation and risk management issues.

FY18 Mid-Year Accomplishments:

- Successfully procured MWRA’s Insurance Program through a competitive bid process for all lines of coverage at a 0.9% increase in program cost compared to the FY17 program.
- Staff renewed MWRA’s license to operate as a self-insured entity for workers’ compensation claims by completing the annual application process with the Division of Insurance.
- Received, investigated and processed more than 85 self-insured Automobile, General Liability and Property damage claims.
- Provided timely support to MWRA managers on all insurance, claims, litigation and risk management issues.

Budget Highlights:

The FY19 Proposed Budget is \$502,000, an increase \$15,000 or 3.1% as compared to the FY18 Budget.

- \$462,000 for **Wages & Salaries**, an increase of \$15,000 or 3.4% as compared to the FY18 Budget, due to wage increases associated with collective bargaining agreements. The FY19 Proposed Budget funds four FTEs, the same as the FY18 Budget.



Quabbin Reservoir



Appendices

APPENDIX A

DIRECT EXPENSES BUDGET LINE ITEM DESCRIPTIONS

MWRA's direct expenses budget funds the annual expenses of its operating and support divisions. Though the direct expenses budget is approximately 31% 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 expenses 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, overtime meals, and tuition reimbursement.

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 sodium hypochlorite, soda ash, sodium bisulfite, and hydrofluosilicic acid.

Utilities - This line item includes funds for electricity, diesel fuel, natural gas 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.

FY19 Proposed Current Expense Budget						
MWRA Direct Expenses by Line Item						
LINE ITEM	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
WAGES & SALARIES	\$ 96,118,427	\$ 98,494,291	\$ 104,286,371	\$ 107,118,717	\$ 2,832,346	2.6%
OVERTIME	4,355,586	4,951,621	4,110,637	4,247,554	136,917	3.2%
FRINGE BENEFITS	19,131,139	19,623,635	20,997,975	21,774,617	776,642	3.6%
WORKERS' COMPENSATION	2,350,369	2,565,336	2,322,980	2,322,609	(371)	0.0%
CHEMICALS	9,297,550	9,262,849	9,836,932	10,855,856	1,018,924	9.4%
UTILITIES	18,744,867	20,249,594	21,735,224	22,041,917	306,694	1.4%
ONGOING MAINTENANCE	30,978,045	30,798,709	32,200,785	31,637,582	(563,204)	-1.8%
TRAINING & MEETINGS	370,752	360,115	406,269	455,770	49,501	10.9%
PROFESSIONAL SERVICES	5,886,715	6,698,861	7,221,622	7,617,117	395,495	5.2%
OTHER MATERIALS	6,186,216	5,851,449	6,692,659	7,381,098	688,440	9.3%
OTHER SERVICES	22,628,385	21,865,445	22,764,526	23,150,693	386,167	1.7%
TOTAL	\$ 216,048,051	\$ 220,721,904	\$ 232,575,980	\$ 238,603,531	\$ 6,027,550	2.6%

FY19 Proposed Current Expense Budget						
MWRA Direct Expenses by Division						
DIVISION	FY16 Actuals	FY17 Actuals	FY18 Final Budget	FY19 Proposed Budget	Change FY19 to FY18	
EXECUTIVE	\$ 6,748,473	\$ 6,706,254	\$ 7,481,735	\$ 7,531,085	\$ 49,350	0.7%
OPERATIONS	160,119,301	162,910,111	170,234,435	174,864,931	4,630,495	2.6%
LAW	2,044,933	2,285,192	2,306,866	2,058,972	(247,894)	-12.0%
ADMINISTRATION	43,217,254	44,967,226	48,426,600	49,883,264	1,456,664	2.9%
FINANCE	3,918,090	3,853,121	4,126,344	4,265,279	138,935	3.3%
TOTAL	\$ 216,048,051	\$ 220,721,904	\$ 232,575,980	\$ 238,603,531	\$ 6,027,550	2.6%

Performance measures for all MWRA Divisions and Departments are published monthly in the MWRA “Yellow Notebook” and quarterly in the MWRA “Orange Notebook.” In addition, monthly financial staff summaries are presented to the Board of Directors reviewing monthly budget performance and explaining variances. All documents are available on-line at mwra.com.

APPENDIX B

FY19 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. For the CIP, Finance staff and the database administrator add new information to the budgeting system, review the data and develop a list of outstanding issues. Prepare budget packages for project managers. Finance managers and staff conduct general kick-off meeting and schedule meetings with specific project management teams to provide guidance and assistance with budget structure and updates.
October	All new projects being considered for inclusion in the CIP are reviewed by the COO and other senior management. Finance staff input all project updates received from managers to the budgeting system and prepare updated CIP budget packages for review and second-round edits by project managers.
November	Database administrator coordinates with the MIS department to produce a detailed incremental cash flow report. Finance managers and staff prepare budget overview materials including project budgets, schedules, and forecasted spending including 5-year CAP for senior management review. Incorporate final edits from this review into the budgeting system and close the system to any further input.
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. Draft the CIP staff summary and circulate for management review. Transmit staff summary and accompanying attachments to each member of the Board of Directors. Formally request approval from the Board of Directors to transmit the Proposed CIP to the MWRA Advisory Board for their 60-day review.

January	The Executive Director determines proposed funding levels required to meet operational and financial objectives for the Current Expense Budget. 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 budgets and transmits comments and recommendations to the MWRA. For the CIP, update the budgeting system with new information as received from project managers and sourced from other internal financial systems. Prepare responses to the Advisory Board’s review, comments and recommendations. The Board of Directors holds a hearing on the proposed budget and the Advisory Board’s comments and recommendations.
June	The Board of Directors adopts a final Current Expense Budget and a schedule of final wholesale water and sewer assessments. Present the Final CIP to the Board of Directors for approval for the following fiscal year’s spending plan, including approval for the 5-year spending CAP for FY19-23.

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.

Basis of Budgeting

The Authority is required by the Enabling Act to establish user rates for its water and sewer services which provide sufficient funds to recover the costs of operations (excluding depreciation), debt service, maintenance, replacements, improvements to its facilities, and appropriate reserves. MWRA budgets on the accrual basis, its financial statements are reported on the accrual basis of accounting and the economic measurement focus as specified by the Governmental Accounting Standards Board's (GASB) requirements for an enterprise fund.

The MWRA distinguishes operating revenues and expenses from nonoperation items. Operating revenues and expenses generally result from providing water and sewer services to its member communities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. All operating revenues are pledged for repayment of outstanding debt service.

In addition, MWRA applies the provisions of GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, to provide a better matching of revenues and expenses. The effect of this policy has been to defer certain outflows of resources, which will be recovered through future revenues in accordance with MWRA's rate model, and to record deferred inflows of resources for revenue collected through current rates for costs expected to be incurred in the future.

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 FY17 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 in February 2020.

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. The requirement of the Bond Resolution, 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. The Consulting Engineer also provides an opinion as to the adequacy of the Authority rates, rentals, and other charges.

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 Controller Department prepares MWRA financial statements. The Rates and Budget Department then prepares monthly variance reports that compare budgeted to actual revenues and expenses.

Variance Analysis

Division directors and staff review variance reports and explain variances between budgeted and actual expenditures as requested by the Rates and Budget Department. Variance explanations are prepared as needed, usually at the first quarter of the year, and following monthly for the rest of the 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 Waterworks and Sewer Systems and capital budgets based on these programs. The Authority shall consult in the preparation of its capital facility programs for the Sewer 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 continually monitors 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 are provided to the Board of Directors, one for the first six months of a year and one at year-end. The reports include a comparison between planned project schedules to actual performance. The reports 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 are 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.

Debt Limit

The Authority's statutory debt limit is \$6,450,000,000. The current debt is well below the debt limit. The Authority's debt limit was most recently amended by Chapter 312 of the Acts of 2008 of the Commonwealth of Massachusetts.

APPENDIX D

MWRA Planning Estimates FY2019 to FY2028

<u>COMBINED UTILITIES</u>	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
EXPENSES										
Direct Expenses	\$238,604	\$246,332	\$253,849	\$261,032	\$269,093	\$275,712	\$283,395	\$291,415	\$299,726	\$309,254
Indirect Expenses	45,424	51,967	57,216	56,821	61,293	61,876	54,880	55,080	56,604	58,190
Capital Financing (before offsets)	<u>489,206</u>	<u>504,748</u>	<u>522,875</u>	<u>549,260</u>	<u>560,304</u>	<u>545,793</u>	<u>542,794</u>	<u>590,332</u>	<u>579,455</u>	<u>572,519</u>
Sub-Total Expenses	\$773,233	\$803,047	\$833,940	\$867,113	\$890,691	\$883,381	\$881,069	\$936,827	\$935,786	\$939,963
Debt Service Assistance	0	0	0	0	0	0	0	0	0	0
Bond Redemption Savings	0	0	0	0	0	0	0	(20,325)	(5,783)	0
Variable Rate Savings	0	0	0	0	0	0	0	0	0	0
Total Expenses	\$773,233	\$803,047	\$833,940	\$867,113	\$890,691	\$883,381	\$881,069	\$916,501	\$930,004	\$939,963
REVENUE & INCOME										
Non-Member and Other Revenue	\$15,696	\$15,877	\$16,197	\$16,528	\$16,453	\$16,676	\$16,911	\$17,173	\$17,419	\$17,685
Interest Income	12,457	13,784	14,942	17,075	19,394	20,271	21,043	21,457	21,658	21,874
Rate Stabilization	0	0	0	0	0	0	0	<u>18,723</u>	<u>15,870</u>	<u>1,920</u>
Total Other Revenue	\$28,153	\$29,661	\$31,139	\$33,602	\$35,847	\$36,947	\$37,954	\$57,353	\$54,947	\$41,479
Total Rate Revenue	\$745,080	\$773,385	\$802,801	\$833,510	\$854,843	\$846,435	\$843,115	\$859,149	\$875,057	\$898,485
Rate Revenue Increase	3.9%	3.8%	3.8%	3.8%	2.6%	-1.0%	-0.4%	1.9%	1.9%	2.7%
Estimated Annual Household Charge **										
Based on water use of 61k gpy (weighted)	\$1,161	\$1,213	\$1,267	\$1,324	\$1,377	\$1,415	\$1,458	\$1,515	\$1,573	\$1,639
Based on water use of 90k gpy (weighted)	\$1,713	\$1,790	\$1,870	\$1,954	\$2,032	\$2,088	\$2,152	\$2,235	\$2,322	\$2,418
WASTEWATER UTILITY										
EXPENSES										
Direct Expenses	\$158,024	\$162,703	\$167,081	\$171,821	\$177,356	\$181,416	\$186,447	\$191,738	\$197,179	\$203,730
Indirect Expenses	13,536	18,485	22,256	21,250	24,532	23,937	19,142	17,747	18,096	18,473
Capital Financing (before offsets)	<u>334,878</u>	<u>343,982</u>	<u>356,038</u>	<u>373,958</u>	<u>376,792</u>	<u>353,982</u>	<u>338,990</u>	<u>343,019</u>	<u>342,527</u>	<u>339,960</u>
Sub-Total Wastewater Expenses	\$506,438	\$525,171	\$545,376	\$567,029	\$578,680	\$559,335	\$544,579	\$552,503	\$557,802	\$562,162
Debt Service Assistance	0	0	0	0	0	0	0	0	0	0
Bond Redemption Savings	0	0	0	0	0	0	0	0	(5,783)	0
Variable Rate Savings	0	0	0	0	0	0	0	0	0	0
Total Wastewater Expenses	\$506,438	\$525,171	\$545,376	\$567,029	\$578,680	\$559,335	\$544,579	\$552,503	\$552,019	\$562,162
REVENUE & INCOME										
Non-Member and Other Revenue	\$5,548	\$5,664	\$5,784	\$5,910	\$6,029	\$6,120	\$6,221	\$6,348	\$6,480	\$6,626
Interest Income	7,694	7,551	8,230	9,459	10,756	11,152	11,364	11,562	11,616	11,591
Rate Stabilization	0	0	0	0	0	0	0	3,923	0	0
Prior Year Utility Surplus/Deficit Transfer	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	\$13,242	\$13,215	\$14,014	\$15,369	\$16,785	\$17,272	\$17,584	\$21,834	\$18,096	\$18,216
Wastewater Rate Revenue	\$493,195	\$511,955	\$531,361	\$551,660	\$561,895	\$542,063	\$526,994	\$530,670	\$533,923	\$543,946
Rate Revenue Increase	3.9%	3.8%	3.8%	3.8%	1.9%	-3.5%	-2.8%	0.7%	0.6%	1.9%
Estimated Annual Household Charge **										
Based on water use of 61k gpy (weighted)	\$701	\$733	\$766	\$800	\$830	\$843	\$861	\$891	\$921	\$958
Based on water use of 90k gpy (weighted)	\$1,034	\$1,081	\$1,129	\$1,181	\$1,225	\$1,244	\$1,270	\$1,314	\$1,359	\$1,413
WATER UTILITY										
EXPENSES										
Direct Expenses	\$80,579	\$83,628	\$86,768	\$89,210	\$91,738	\$94,296	\$96,948	\$99,678	\$102,548	\$105,524
Indirect Expenses	31,888	33,482	34,960	35,571	36,761	37,939	35,737	37,333	38,509	39,718
Capital Financing (before offsets)	<u>154,328</u>	<u>160,765</u>	<u>166,836</u>	<u>175,303</u>	<u>183,512</u>	<u>191,811</u>	<u>203,805</u>	<u>247,313</u>	<u>236,928</u>	<u>232,559</u>
Sub-Total Water Expenses	\$266,796	\$277,876	\$288,564	\$300,084	\$312,010	\$324,046	\$336,490	\$384,323	\$377,985	\$377,801
Debt Service Assistance	0	0	0	0	0	0	0	0	0	0
Bond Redemption Savings	0	0	0	0	0	0	0	(20,325)	0	0
Variable Rate Savings	0	0	0	0	0	0	0	0	0	0
Total Water Expenses	\$266,796	\$277,876	\$288,564	\$300,084	\$312,010	\$324,046	\$336,490	\$363,998	\$377,985	\$377,801
REVENUE & INCOME										
Non-Member and Other Revenue	\$10,147	\$10,213	\$10,413	\$10,618	\$10,424	\$10,556	\$10,690	\$10,825	\$10,939	\$11,059
Interest Income	4,763	6,233	6,712	7,616	8,638	9,119	9,680	9,895	10,042	10,283
Rate Stabilization	0	0	0	0	0	0	0	14,800	15,870	1,920
Prior Year Utility Surplus/Deficit Transfer	0	0	0	0	0	0	0	0	0	0
Total Other Revenue	\$14,911	\$16,446	\$17,125	\$18,233	\$19,062	\$19,674	\$20,370	\$35,519	\$36,851	\$23,262
Water Rate Revenue	\$251,885	\$261,430	\$271,440	\$281,851	\$292,949	\$304,372	\$316,120	\$328,479	\$341,134	\$354,539
Rate Revenue Increase	3.9%	3.8%	3.8%	3.8%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Estimated Annual Household Charge **										
Based on water use of 61k gpy (weighted)	\$460	\$480	\$502	\$524	\$547	\$572	\$597	\$624	\$652	\$681
Based on water use of 90k gpy (weighted)	\$679	\$709	\$740	\$773	\$808	\$844	\$881	\$921	\$962	\$1,005

** 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

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.

BWTF: William A. Brutsch Water Treatment Facility – Water treatment plant for the Chicopee Valley Aqueduct communities of Chicopee, South Hadley Fire District #1, and Wilbraham. The facility has a capacity of 24 mgd, and disinfects the water using a combination of UV light and chlorine.

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 February 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*.

Combined Sewer and Combined Sewer Overflow: While modern systems transport rainwater and sewage from homes and businesses through separate pipes, some older systems like Boston's have "combined" sewers that carry both flows together. During normal conditions flows are delivered to treatment plants. During very heavy rains, these systems become overloaded. Built-in overflows (called combined sewer overflows or "CSOs") must then act as relief points by releasing excess flows into the nearest body of water. This prevents sewage backups into homes and onto area streets, but the discharges can impact water quality.

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 46 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.

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

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, was 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.

Eversource: Formerly NStar, formerly Boston Edison Company, is a publicly traded, Fortune 500 energy company headquartered in Hartford, Connecticut and Boston, Massachusetts, with several regulated subsidiaries offering retail electricity and natural gas service to more than 3.6 million customers in Connecticut, Massachusetts and New Hampshire.

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.

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.

FTE (Full Time Equivalent): An FTE is the hours worked by one employee on a full-time basis. The concept is used to convert the hours worked by several part-time employees into the hours worked by full-time employees.

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

Geographic Information System (GIS) -- A geographic information system is a system designed to capture, store, manipulate, analyze, manage, and present all types of spatial or geographical data.

Green Energy: Energy that comes from natural sources such as sunlight, wind, rain, tides, plants, algae and geothermal heat. These energy resources are renewable, meaning they're naturally replenished.

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 and 2 Rules at 60 ppb.

Harbor Electric Energy Company (HEEC): A subsidiary of Eversource which installed a cross harbor power cable and built a sub-station to provide power for construction and operation of the Deer Island Wastewater 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 flows 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, Carroll Water Treatment Plant, and the four Remote Headworks remove themselves from the grid. All six facilities 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 benefits.

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, resulting 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.

Renewable Energy: Energy from a source that is not depleted when used, such as wind or solar power

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. Now referred to as Wastewater GIS.

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 the Quabbin Disinfection Facility (now named the William A. Brutsch Water Treatment Facility) in Ware added UV (as a second disinfection in addition to chlorine) in 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.

Water Supply Trust: The legislature further enhanced the ability of the Department of Conservation and Recreation (DCR) Office of Watershed Management to protect the source waters of the MWRA drinking water supply by establishing a Water Supply Protection Trust in 2004. The trust provides a more efficient mechanism for MWRA’s direct funding of the Office of Watershed Management. The Water Supply Protection Trust has a five person board of trustees responsible for approving the Annual Work Plan and Budget each spring for the following fiscal year.

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
FY19 Proposed Current Expense Budget - Capital Financing Detail (as of 12/31/17)

	Outstanding as of 12/31/17	Total	Sewer	Water
SRF ¹				
Unrefunded (93A, 93D, 95A,98C)	\$ 420,000	\$ -	\$ -	\$ -
1999E Sewer		392,540	392,540	-
1999E Water	7,163,498	579,791	-	579,791
1999F	\$ 181,030,000	22,228,605	22,228,605	-
2000E Sewer		2,828,800	2,828,800	-
2000E Water	45,981,113	575,512	-	575,512
2001C Water		1,720,000	-	242,958
2001D Sewer		1,435,784	387,218	-
2001D Water		81,945	-	81,945
2002H Sewer		3,148,158	3,148,158	-
2002H Water	67,510,000	1,552,072	-	1,552,072
2002I Sewer		1,545,272	100,745	-
2002I Water		1,487	-	1,487
2003A	\$ 475,303	68,933	-	68,933
2003B	\$ 1,264,760	219,880	-	219,880
2003C Sewer		1,355,957	1,355,957	-
2003C Water	28,894,783	968,102	-	968,102
2004C Sewer		7,538,594	539,214	-
2004C Water		91,816	-	91,816
2004D Sewer		44,540,000	2,686,997	-
2004D Water		640,736	-	640,736
2005C Sewer		4,827,622	419,525	-
2005C Water		68,661	-	68,661
2005D Sewer		49,694,262	3,040,330	-
2005D Water		799,437	-	799,437
2005E Sewer		222,989	24,961	-
2005E Water		5,479	-	5,479
2006C Sewer	\$ 5,590,022	483,524	483,524	-
2006D Sewer		55,606,810	2,803,661	-
2006D Water		1,603,119	-	1,603,119
2006E Sewer		270,693	22,883	-
2006E Water		10,281	-	10,281
2007C Sewer		3,539,826	305,272	-
2007C Water		175,395	-	175,395
2007D Sewer	\$ 17,134,298	1,146,412	1,146,412	-
2007E Sewer		52,560,353	2,736,917	-
2007E Water		1,257,171	-	1,257,171
2008G Sewer		3,747,877	400,267	-
2008G Water		81,942	-	81,942
2009C Sewer		74,685,483	3,832,488	-
2009C Water		1,881,378	-	1,881,378
2009D Sewer		8,385,049	645,209	-
2009D Water		85,441	-	85,441
2010 D Sewer		36,554,692	1,420,903	-
2010 D Water		1,434,045	-	1,434,045
2011A Sewer		7,635,190	367,616	-
2011A Water		365,635	-	365,635
2012C Sewer		8,693,795	524,487	-
2012C Water		254,834	-	254,834
2012D Sewer		41,296,166	2,858,433	-
2012D Water		532,596	-	532,596
2013B Sewer		33,033,586	2,215,252	-
2013B Water		533,899	-	533,899
2014C Sewer		8,896,150	283,478	-
2014C Water		385,253	-	385,253
2015A Sewer		59,462,569	2,647,390	-
2015A Water		979,811	-	979,811
2015B Sewer		4,867,800	258,513	-
2015B Water		152,023	-	152,023
2016A Sewer		51,256,563	2,129,322	-
2016A Water		848,059	-	848,059
2017A Sewer		33,559,004	541,753	-
2017A Water		1,537,767	-	1,537,767
Pool 21 Sewer		2,784,035	2,784,035	-
Pool 21 Water		1,510,000	-	1,510,000

APPENDIX F
FY19 Proposed Current Expense Budget - Capital Financing Detail (as of 12/31/17)

	Outstanding as of 12/31/17	Total	Sewer	Water
Pool 22 Sewer		2,784,035	2,784,035	-
Pool 22 Water		1,510,000	-	1,510,000
Total SRF Debt	\$ 951,039,906	\$ 89,380,358	\$ 68,344,900	\$ 21,035,457
MWRA Senior Debt				
2002J Refunding (Fixed)	191,120,000	31,325,838	28,193,254	3,132,584
2006B Refunding	30,430,000	1,521,500	1,141,125	380,375
2007B Refunding	647,950,000	34,017,375	28,574,595	5,442,780
2009B Refunding	141,615,000	72,158,500	51,954,120	20,204,380
2010B Refunding	95,945,000	23,178,000	13,443,240	9,734,760
2011B New	7,850,000	2,690,400	1,883,280	807,120
2011C Refunding	321,160,000	14,424,275	5,625,467	8,798,808
2012A New	74,590,000	3,627,300	1,813,650	1,813,650
2012B Refunding	86,775,000	4,240,325	890,468	3,349,857
2013A Refunding	102,515,000	4,934,850	2,763,516	2,171,334
2014D New	61,545,000	3,077,250	2,092,530	984,720
2014E Refunding	15,605,000	4,574,917	4,003,052	571,865
2014F Refunding	141,410,000	6,396,700	1,982,977	4,413,723
2016B New	63,370,000	4,354,050	2,177,025	2,177,025
2016C Refunding	678,185,000	32,224,400	16,434,444	15,789,956
2016D	104,260,000	4,524,000	2,940,600	1,583,400
2017B	68,240,000	4,669,000	2,334,500	2,334,500
2017C	254,745,000	12,277,500	5,524,875	6,752,625
FY18 New Money		6,551,000	3,275,500	3,275,500
FY 19 New Money		3,500,000	1,750,000	1,750,000
Defeasance Assumption		(1,141,050)	(805,610)	(335,440)
Total Senior	\$ 3,087,310,000	273,126,129	\$ 177,992,608	\$ 95,133,521
Subordinate Debt				
1999B	\$ 54,700,000	\$ 5,986,167	\$ 3,591,700	\$ 2,394,467
2002C Refunding	35,120,000	1,229,200	409,692	819,508
2008A Refunding	209,425,000	20,784,116	18,290,022	2,494,094
2008C Refunding	86,300,000	19,546,197	18,764,349	781,848
2008E Refunding	133,640,000	8,778,812	8,076,507	702,305
2008F Refunding	50,000,000	1,750,000	157,500	1,592,500
2012E Refunding	59,950,000	3,614,644	759,075	2,855,569
2012F Refunding	50,610,000	3,287,744	690,426	2,597,318
2012G Refunding	36,900,000	12,320,997	11,828,157	492,840
2014A Refunding	50,000,000	1,750,000	157,500	1,592,500
2014B Refunding	64,755,000	12,984,417	1,168,598	11,815,819
Total Subordinate Debt	\$ 831,400,000	92,032,294	\$ 63,893,527	\$ 28,138,767
Total SRF & MWRA Debt Service²	\$ 4,869,749,906	454,538,781	\$ 310,231,035	\$ 144,307,745
Other Capital				
Water Pipeline Commercial Paper	\$ 128,000,000	4,750,393	-	4,750,393
Current Revenue/Capital ³		14,200,000	13,490,000	710,000
Capital Lease		3,217,060	1,931,960	1,285,100
Debt Prepayment ⁴		12,500,000	9,187,500	3,312,500
Harbor Cable Prepayment		-	-	-
Total Other Capital	\$ 128,000,000	\$ 34,667,453	\$ 24,609,460	\$ 10,057,993
Total Capital Financing (before Debt Service Offsets)	\$ 4,997,749,906	489,206,234	\$ 334,840,495	\$ 154,365,739
Debt Service Offsets				
Debt Service Assistance		-	-	-
Bond Redemption		-	-	-
Total Debt Service Offsets		-	-	-
Total Capital Financing	\$ 4,997,749,906	489,206,234	\$ 334,840,495	\$ 154,365,739

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.

⁴ Debt Prepayment will be used defeasance of bonds at end of fiscal year.

APPENDIX G

Advisory Boards and Committees

The Advisory Board

The Advisory Board is established by section 23 of the MWRA Enabling Act. The Advisory Board's primary purposes are as follows:

1. To appoints 3 members of the Board of Directors, with staggered 6-year terms.
2. To review and comment on the current expense and capital improvement budgets.
3. To approve expansion of the MWRA's service area, whether permanent or temporary.
4. To make recommendations to the governor and the legislature with respect to matters that affect the Authority.

The Authority's proposed annual current expenses budget and its capital improvement program budget must be submitted to the Advisory Board at least sixty days prior to the adoption of each budget by the Board of Directors. Amendments to the current expenses budget must be submitted to the Advisory Board at least thirty days prior to adoption, except in the event of emergencies. The Authority is required to provide a written response to any reports of the Advisory Board regarding its finances. The Advisory Board has provided the Authority with written comments to both the current expenses and the capital improvement budgets. The Advisory Board's budget for personnel and expenses is included in the Executive Division's budget.

Water Supply Citizens Advisory Committee to MWRA (WSCAC)

Originally formed in 1977 to review a proposed diversion of the Connecticut River for water supply to the metropolitan Boston area, WSCAC represents an unusual approach for engaging citizen participation in water resource policy decisions.

WSCAC advises the MWRA and the Department of Conservation and Recreation on water conservation and watershed protection strategies. The MWRA has implemented leak repair and demand management programs, avoiding the need for river diversion.

WSCAC's current focus is water quality - source protection and management of the watersheds, reservoirs and distribution system.

WSCAC worked with the New England Safe Drinking Water Task Force on the Safe Drinking Water Act reauthorization. WSCAC helped secure passage of state legislation - the Interbasin Transfer Act of 1983, the Water Management Act of 1985, and the Watershed Protection Act of 1992. State officials have tapped WSCAC for other statewide advisory groups.

The Wastewater Advisory Committee (WAC)

The MWRA Board of Directors created WAC in 1990 to offer independent recommendations on wastewater policies and programs. WAC's mission is to be an independent public forum for holistic discussion of wastewater issues. Membership is designed to reflect the knowledge and interest of major affected constituencies: engineering and construction, environmental advocacy, planning, academic research, and business.

WAC's contractual duties are as follows:

1. Provide independent advice to the MWRA Board and staff on wastewater programs and policies directly related to the MWRA
2. Review and comment to the Authority on wastewater reports and proposed documents; offer independent advice on current and proposed wastewater program and policy directions to further MWRA objectives
3. Reflect the knowledge and interest of major affected constituencies, including
 - a. Engineering
 - b. Construction
 - c. Business/industry
 - d. Planning
 - e. Academic research
 - f. Environmental advocacy
4. Advise MWRA on wastewater planning
5. Increase citizen participation and education by providing MWRA with assistance in outreach. Review programs and explain plans & policies to citizens
6. Attend Authority working groups related to wastewater programs and policy, including the Advisory Board and WSCAC
7. Propose to the Authority ways to continue effective and efficient long-term public involvement in wastewater programs.

WAC's focus for 2017-2018 includes:

- Protecting the ratepayer's massive investment in clean water remains one of WAC's primary interests, and it will continue to monitor maintenance as well as progress on the CSO project.
- WAC is interested in the possibilities of further energy efficiency and renewable energy production at all MWRA facilities.
- Other areas of interest:
 - Co-digestion as it expands across New England
 - Marketability of Bay State Fertilizer
 - Climate Change impacts
 - Regulatory changes that might affect MWRA

APPENDIX H

WATER SUPPLY PROTECTION TRUST				
Expenditures and Revenues Report				
FY19 Proposed vs. FY18 Budget				
	FY18	FY19	Variance	%
	Budget	Proposed		
A. Revenues				
OWM Revenues				
Hydro + Transmission	\$500,000	\$400,000	-\$100,000	-20.0%
Forestry	\$200,000	\$300,000	\$100,000	50.0%
Fishing & Recreation	\$240,000	\$230,000	-\$10,000	-4.2%
Misc.	\$50,000	\$30,000	-\$20,000	-40.0%
OWM Revenues Subtotal	\$990,000	\$960,000	-\$30,000	-3.0%
MWRA Payments to Trust	\$16,723,006	\$17,506,427	\$783,421	4.7%
Total Revenues	\$17,713,006	\$18,466,427	\$753,421	1.7%
B. Expenditures				
AA Personnel	\$10,225,408	\$10,734,300	\$508,892	5.0%
BB Employee Expenses	\$11,150	\$11,150	\$0	0.0%
CC Contracted Services	\$77,000	\$60,000	-\$17,000	-22.1%
DD Pensions/Insurance	\$3,723,748	\$3,964,977	\$241,229	6.5%
EE Admin Expenses	\$100,000	\$110,000	\$10,000	10.0%
FF Facility Operational Supplies	\$148,200	\$198,000	\$49,800	33.6%
GG Energy Costs	\$336,000	\$291,500	-\$44,500	-13.2%
HH Consultant Contracts	\$231,000	\$231,000	\$0	0.0%
JJ Operational Services	\$44,000	\$50,000	\$6,000	13.6%
KK Equipment	\$518,000	\$525,000	\$7,000	1.4%
LL Leases, Rentals	\$126,000	\$129,500	\$3,500	2.8%
NN Construction Improvements	\$795,000	\$675,000	-\$120,000	-15.1%
PP Grants to Public Entities	\$0	\$0	\$0	0.0%
TT Specials Payments	\$125,000	\$130,000	\$5,000	4.0%
UU IT Expenses	\$202,500	\$211,000	\$8,500	4.2%
Total Baseline Costs	\$16,663,006	\$17,321,427	\$658,421	4.0%
Wachusett/Sudbury Capital Projects	\$900,000	\$450,000	-\$450,000	-50.0%
Quabbin/Ware Capital Projects	\$150,000	\$695,000	\$545,000	363.3%
Total Capital Projects	\$1,050,000	\$1,145,000	\$95,000	9.0%
Total Expenditures	\$17,713,006	\$18,466,427	\$753,421	4.3%

APPENDIX I - MWRA Reserve Summary

MWRA Rate Stabilization, Bond Redemption, and Funded Reserves (Updated based on June 30, 2017 Year End)

Under the terms of its General Bond Resolution, MWRA maintains two funds, Rate Stabilization and Bond Redemption, which are used to smooth rate increases. Monies in the funds come from year-end CEB surpluses. The amounts in the funds and the permitted and planned uses are discussed below. Amounts reflect FY17 year-end transfers.

Rate Stabilization - \$36.5 million. Under the terms of the General Bond Resolution, the annual use of Rate Stabilization monies cannot exceed 10% of the year's senior debt service. The FY14 Final CEB assumes the use of \$3.5 million in Rate Stabilization. The FY15, FY16, FY17 and FY18 Final CEB did not include the use of Rate Stabilization Funds. Planning estimates based on the FY18 Budget assume use of all of the Rate Stabilization monies between FY22 and FY27.

Bond Redemption - \$26.1 million. Monies in the Bond Redemption Fund can be used only to retire or prepay outstanding debt. There is no annual limit on the amount of Bond Redemption funds used in a year. However, there are constraints based on bond maturity dates. The FY15 Final CEB included the use of \$6.7 million of bond redemption funds. The FY16, FY17 and FY18 CEB assumed no use of Bond Redemption Planning estimates assume that the remaining funds are exhausted by FY27.

In addition to the Rate Stabilization and Bond Redemption funds, MWRA maintains five funded reserves required by the terms of the General Bond Resolution: Debt Service, Operating, Insurance, and Renewal and Replacement. The amount in each reserve, the basis for determining the funding requirement and when a reserve can be used to reduce rate revenue requirements are discussed on the right:

Debt Service Reserve - \$150.7 million. This is MWRA's largest reserve, and is funded from bond proceeds. This balance reflects the withdrawal of \$5.9 million as part of the 2014 Series D-F transaction. On August 4, 2015, MWRA released \$67.0 million from the debt service reserve fund as part of the amendments to the General Bond Resolution. The required balance is equal to the sum of the average annual debt service for outstanding issues. The fund can be used to pay debt service when the amount for a specific debt series in the reserve is greater than the remaining debt service.

Operating Reserve - \$39.2 million. The required balance is one-sixth of operating expenses for a year. Based on the FY17 Final CEB, the required balance is \$39.2 million. The balance is projected to be \$40.1 million by the end of FY18.

Insurance Reserve - \$14.0 million. 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 adequacy of the funding level every three years. The \$14 million level has been determined to be acceptable and reasonable based on the February 2014. A review of this reserve was completed in 2017.

Renewal and Replacement Reserve - \$10.0 million. The required balance is set at \$10 million with the difference between the \$10 million and the required balance based on the triennial recommendation of a consulting engineer being available in short-term borrowing capacity. The current recommendation is \$35 million. MWRA's consulting engineer will complete its triennial review of this reserve balance again in 2017.

CORE Fund

The CORE Fund was eliminated as part of the amendment to the General Bond Resolution.

