

Table 28

Proposed Fiscal Year 2016 <b>Other Services Summary</b> (\$s)				
<i>Line Item/Description</i>	<i>Final FY15</i>	<i>Proposed FY16</i>	<i>Δ (\$s)</i>	<i>Δ (%)</i>
<b>Pelletization</b>	\$13,865,940	\$14,271,739	\$405,799	2.9%
NEFCo contract to process and dispose of sludge pellets				
<b>Lease</b>	3,486,895	3,630,474	143,579	4.1%
Charlestown (\$1.39 million), Chelsea (\$1.91 million), Marlborough Records Center (\$65.6 thousand).				
<b>Telephone</b>	1,436,385	1,703,777	267,392	18.6%
Voice and data lines; Operations Division				
<b>Grit and Screenings Removal</b>	852,347	888,503	36,156	4.2%
Removal of grit and screened materials from various facilities.				
<b>All Others</b>	2,896,932	2,903,858	6,926	0.2%
Printing, membership dues/subscriptions, advertising; health/safety, police details; Advisory Board operations; various other services.				
<b>TOTAL OTHER SERVICES EXPENSES</b>	<b>\$22,538,499</b>	<b>\$23,398,351</b>	<b>\$859,852</b>	<b>3.8%</b>

### Other Highlights

- Sludge pelletization and grit and screenings e: \$15.16 million or nearly 65% of all Other Services
- New England Fertilizer Company (NEFCo) pelletizi costs are based on processing an average of 10 day, with annual costs increased by an inflation f
- The pelletizing contract runs from FY 2001 throu 2015
- Grit and screenings (and scum) are removed from the remote headworks, certain pump station facilities. Budget estimates assume 6,638 tons of removed, with an estimated 5% increase in cost two-year contract to start in June 2015.
- Lease costs include costs for the Chelsea property lease and the Marlborough Records Center an (including revised rent schedules, operating expenses and property taxes)

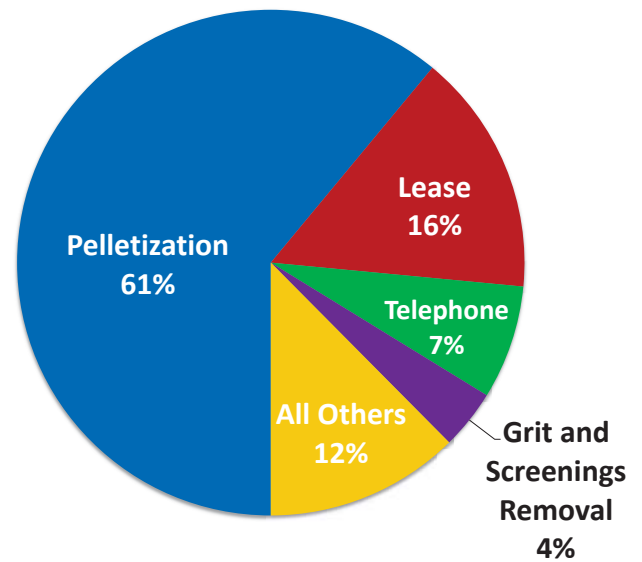
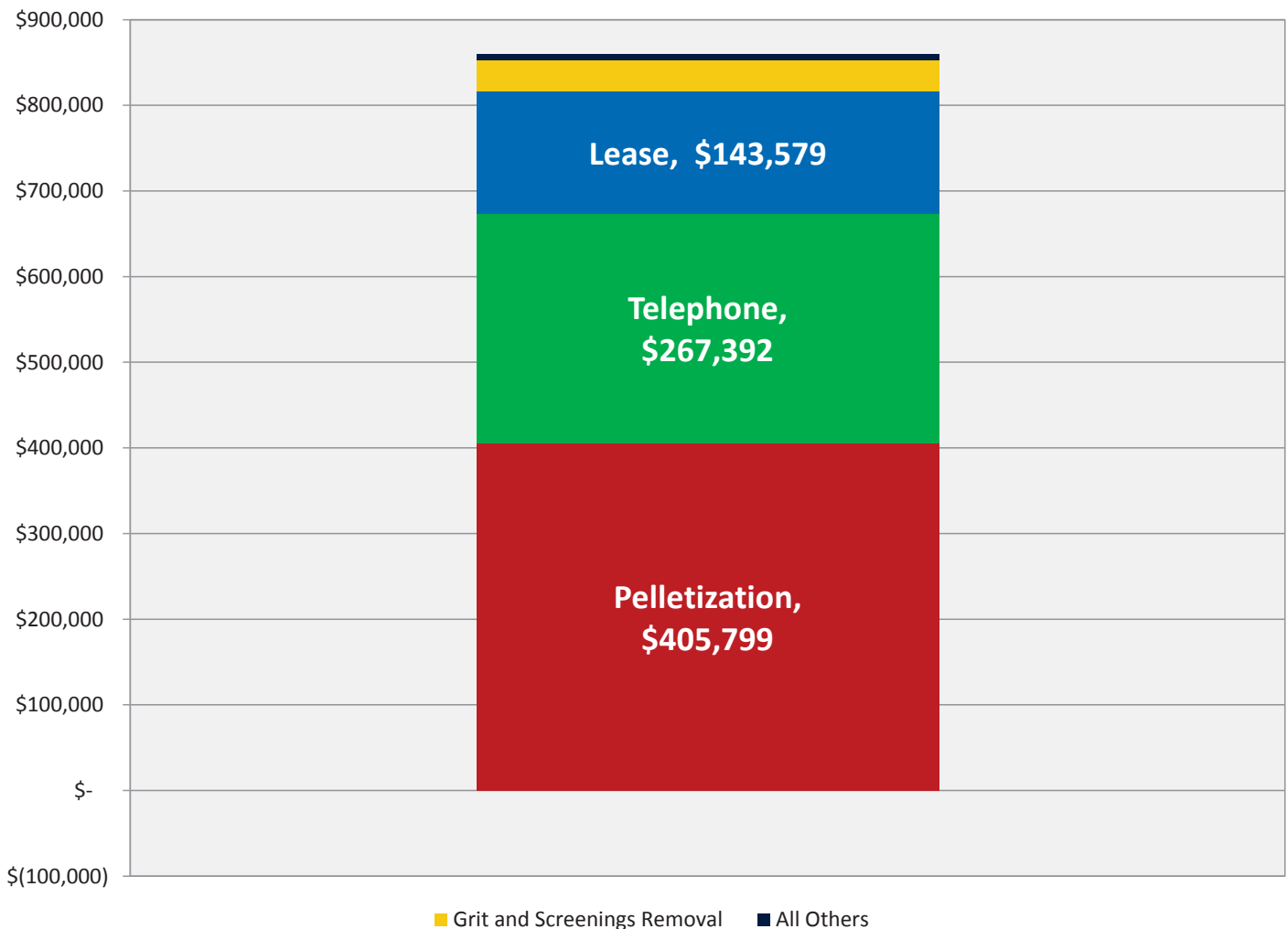


Figure 33

## Other Services Expenses Increase \$860 Thousand



**Figure 34**

### Sludge Pelletization

- FY16 proposed budget: \$14.3 million
  - Increase from FY15: \$0.41 million (2.9%)
- The budget average is based on a two-year average of 100.38 tons (FY13 and FY14) and reflects continuing improvements to digester operations at Deer Island plus estimates for the impacts (averaging 1.78 tons per day) of the pilot co-digestion project (which will be ramped up during the year starting in October 2015)
- **The Advisory Board is recommending a reduction of \$58,000 to reflect a later start-up of the co-digestion pilot program until the last quarter of the fiscal year (see Policy Chapter, page 98).**<sup>46</sup>
- Each additional ton per day is equivalent to approximately \$100 thousand
- The inflation factor reflects assumptions for materials and labor, electricity and natural gas

<sup>46</sup> Note: \$58,000 includes multiple line items associated with co-digestion pilot program. The Advisory Board’s recommendation assumes an appropriate reduction in each corresponding line item associated with a six-month delay from the October 2014 start date in the proposed FY16 CEB.

- In March, the Board of Directors, anticipating the December 31, 2015 end of the current NEFCo contract period, approved an amendment extending the contract term for five years, from January 1, 2016 through December 31, 2020. The Authority noted that the negotiated extension will result in a savings of an estimated \$1.25 million over the five-year period, and will provide time for new pellet plant dryer technology to be proven, allow for the possible development of more firms to provide competition for a long-term bid and clarify any uncertainty regarding potential changes in MWRA's sludge quantities.

### Grit and Screenings

- Estimates of tonnages of grit and screenings have increased in the last several years to reflect mechanical improvements at some of the headworks and scum collector repair work. With more scum to be kept on site, budgeted tonnages are being reduced but also includes 30 additional tons of floatable materials to be removed from North Main Pump Station shafts.
- Total tonnages come to 6,630 or a decrease of 180 tons from the FY15 budget
- ***Based on updated information, the Advisory Board expects the Authority will increase the "grit and screenings" line item by \$325,000.***

### Lease Costs

- Lease costs reflect increases in taxes and insurance charges for the Chelsea lease, and updated rent charges plus taxes and operating expenses for the Charlestown lease
- Rent, operating expenses and tax-related costs are also included for the Records Center and Warehouse located in Marlborough

### Other Services

- Telephone expense increases nearly 20% for telephone and telecommunications, to \$1.7 million, due primarily to security network upgrades started in FY15; budgeted in the MIS Department
- Printing expense declines nearly 10% to \$163 thousand
- Police detail expense increases 8% to nearly \$450 thousand
- **The Advisory Board recommends that the Authority reduce the "other services" line item in the final FY16 CEB by \$5,425 consistent with the Advisory Board's final FY16 operating budget.**