

Table 32

Proposed Fiscal Year 2016 Other Materials Summary (\$s)				
<i>Line Item/Description</i>	<i>Final FY15</i>	<i>Proposed FY16</i>	<i>Δ (\$s)</i>	<i>Δ (%)</i>
Vehicle Expense Bulk gasoline, diesel purchases, mileage reimbursement, and some toll fees.	\$1,085,454	\$1,047,902	-\$37,552	-3.5%
Vehicle Purchase/Replacements Purchases of vehicles and equipment under \$100,000.	1,700,000	1,700,000	0.00	0.0%
Lab and Testing Supplies Supports Central Lab and TRAC.	802,745	840,187	37,442	4.7%
Equipment/Furniture Miscellaneous equipment and furniture.	458,783	375,483	-83,300	-18.2%
Computer Hardware & Software PCs, printers, plotters, and scanners.	520,742	447,282	-73,460	-14.1%
Office Supplies Office supplies including paper.	213,208	227,355	14,147	6.6%
All Others Includes postage, work clothes, and health and safety materials.	1,171,797	1,243,344	71,547	6.1%
TOTAL OTHER MATERIALS EXPENSES	\$5,952,729	\$5,881,553	-\$71,176	-1.2%

Other Highlights

- The Authority has multi-year replacement plans for purchase of vehicles and computer hardware
- Funding for vehicle replacement supports purchase of 49-57 vehicles or 10-11% of the active fleet
- The computer hardware budget increases 14% reflecting replacement of numerous printers, scanners and computers, many of which are more than ten years old, according to a multi-year replacement plan
- Vehicle expense, lab and testing supplies, and work clothes budgets are based on updated historical spending

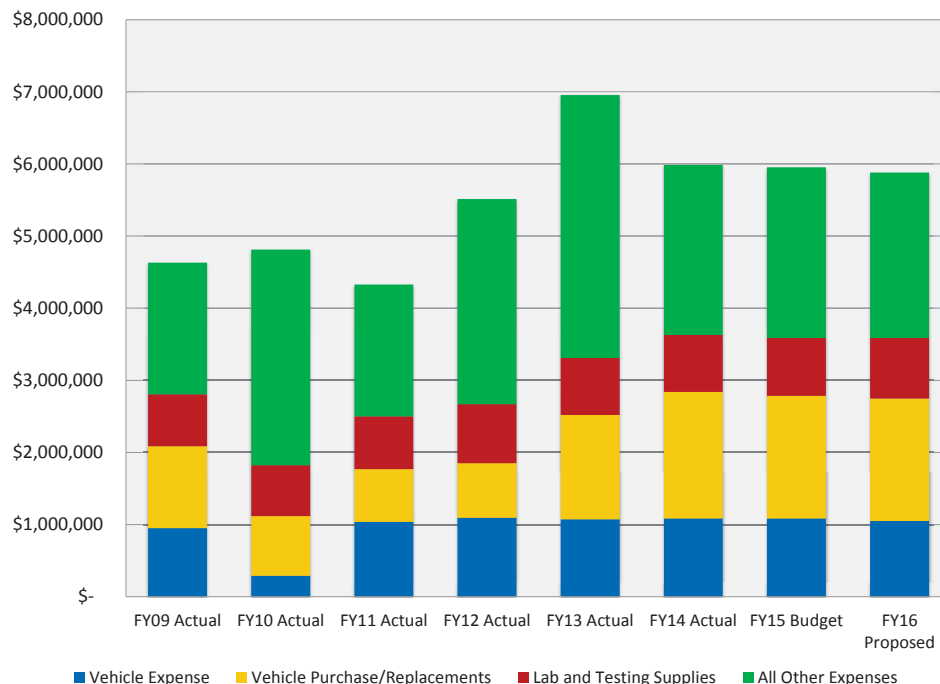


Figure 40

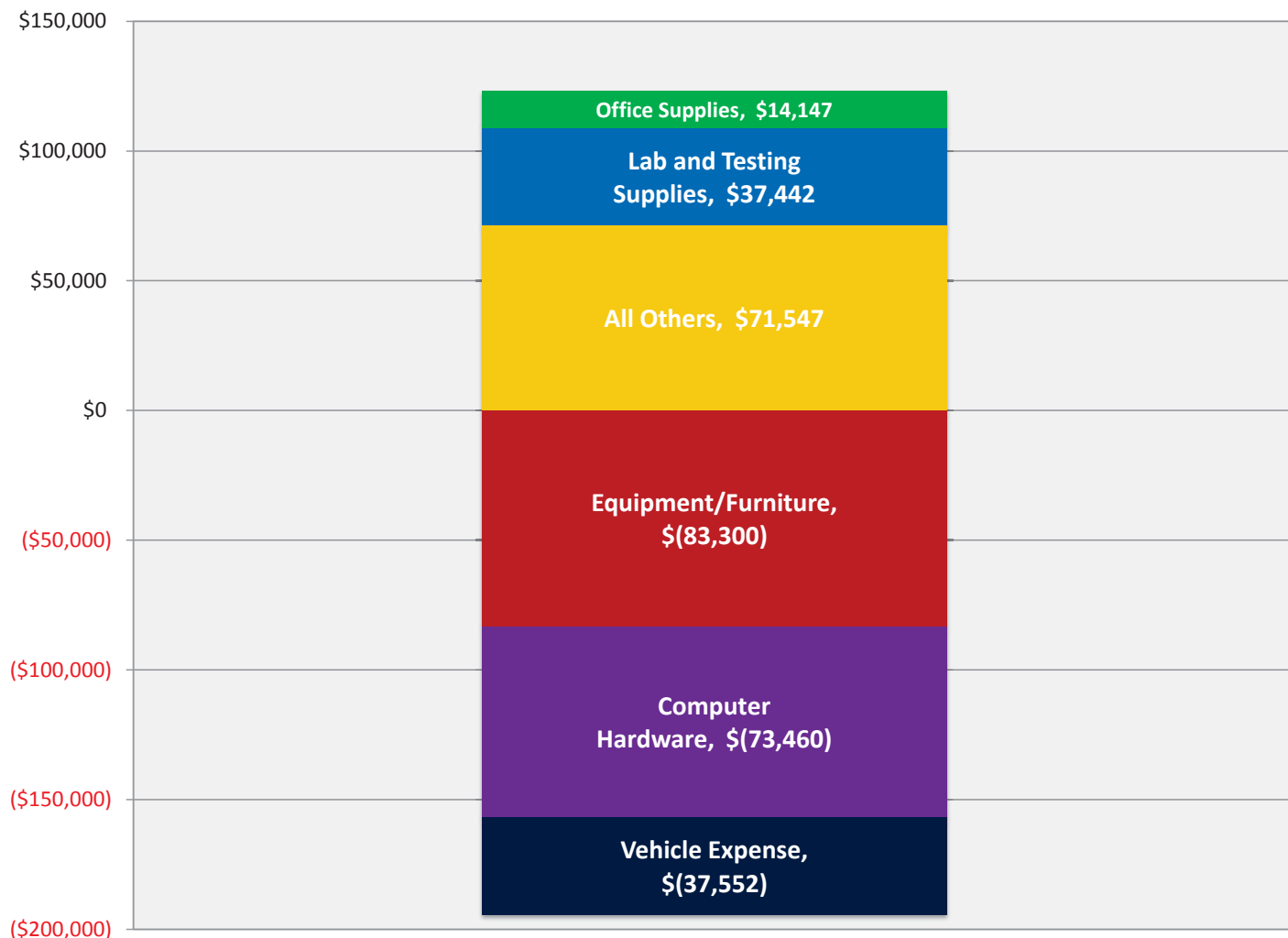


Figure 41

Computer Hardware Purchases

- Findings of the five-year Information Technology (IT) strategic plan (completed in 2012) include the need to:
 - Adopt more effective and standardized IT management and processes
 - Develop methods to share data quickly across multiple applications
 - Develop streamlined work flows
 - Reduce reliance on paper records and improve access to information
- Because technology evolves so rapidly, the Authority will have to continuously adapt its plans to accommodate changes and updates to its programs and software

Vehicle Purchases

- Vehicle fleet size is reviewed regularly, and has been reduced in recent years by about 10%
- Over half of the fleet is five years or older

MWRA Vehicles by Fuel Type

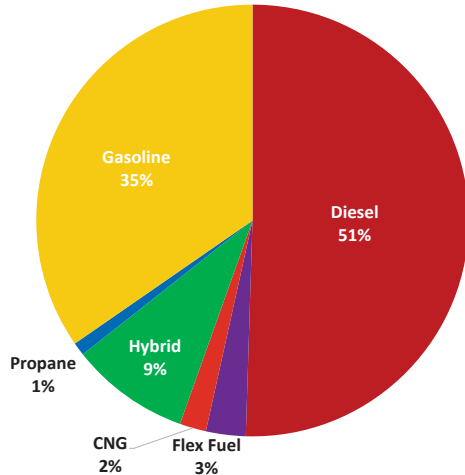


Figure 43

- The Authority has also reduced the number of domiciled vehicles and increased the use of pooled vehicles, increasing the useful life of the vehicles
- Vehicles at the end of their useful lives for the agency are sold as surplus, resulting in increased income

MWRA Vehicles by Age

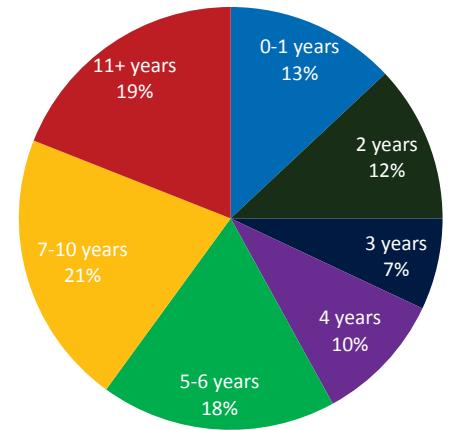


Figure 42

- The multi-year replacement also helps to control material costs in the Fleet Services Department
 - Authority continues to reduce fuel consumption by reducing idling and increasing the number of vehicles powered by fuel other than gasoline and diesel. The Authority has purchased bulk fuels from state contracts
 - Authority has also instituted an Automated Vehicle Locator (AVL) system which has reduced fuel consumption as well
- 373 vehicles currently have AVL devices installed
- About 15% of the fleet is powered by fuels other than gasoline and diesel (See Figure 43)

Vehicle Replacement Actual and Budgeted Purchases

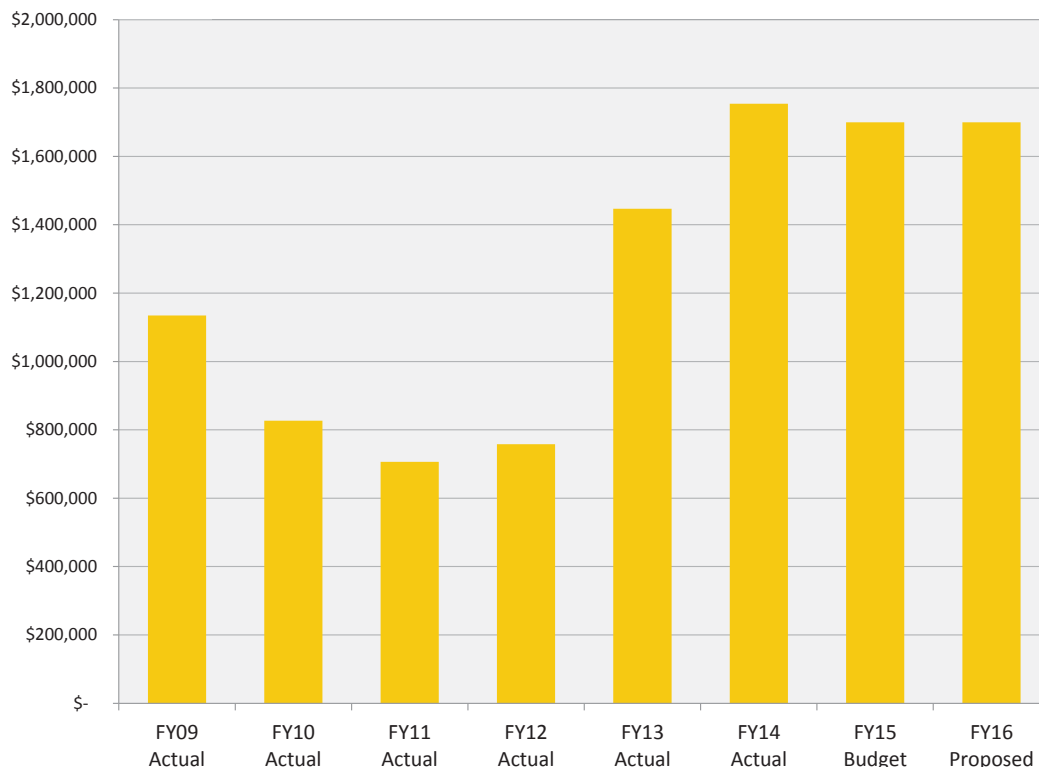


Figure 44

For years, the Advisory Board’s annual CEB review was a months-long process that focused exclusively on a snapshot of the proposed budget submitted well before the final budget was voted in June. Invariably, and necessarily, there would be changes from the proposed budget to the final that would be made throughout the intervening months. For example, contracts for chemicals or utilities would be issued that would change the numbers from the proposed budget’s assumptions, sometimes decreasing, and sometimes increasing (often referred to as “spring revisit” items). This meant that the reductions proposed by the Advisory Board would often be offset by contractual or other increases making the formal *Comments and Recommendations* an incomplete picture of what would be ultimately voted upon by the MWRA Board of Directors.

Beginning in recent years, and even more formalized this year, the Advisory Board has begun to incorporate spring revisit items into its recommendations. The thought being that the snapshot provided to the communities and ultimately recommended to the MWRA Board of Directors should incorporate as much up-to-date information that could affect the final rate revenue requirement number. This year, one addition in particular was a particularly large increase, but highlighted another benefit of this new trend toward including spring revisit items.

In December 2014, the Authority engaged in a tabletop security drill to test current response plans and identify areas for improvement and coordination as it related to a hypothetical train derailment scenario. PanAm has trains that currently run over certain sections of the Wachusett Reservoir and were participants in this tabletop drill. The results of this drill identified certain pieces of equipment and tools that the Authority could put in place to improve response time and control measures.

In the past, these expenditures would have had to wait until the next fiscal year’s budget process to begin moving forward. The Authority has maintained a good practice of not making major changes (especially adding to or increasing) the final CEB in order to preserve the role of the Advisory Board’s statutory review; however, this practice also built in limitations on agile responses to critical situations.

This year, the Authority arranged a special briefing to bring Advisory Board staff up-to-date with the findings of the tabletop drill and to provide a detailed explanation of the requested increases that they wanted to include in the final version of the CEB.

This new approach to include spring revisit items or new initiatives has provided another win-win opportunity for the Authority and the Advisory Board. The Authority gains some much needed flexibility to react to critical time-sensitive issues, and the Advisory Board’s review becomes a much more relevant and real-time review of the ever-evolving process of budget development. Such major changes should, however, be limited to critical needs; clearly, given recent nationwide concerns over train derailments and the importance of protecting the MWRA’s water sources qualified for such an inclusion. ***The Advisory Board supports this new process that allows for important and time-sensitive changes to be made to the MWRA’s budgets while still preserving the Advisory Board’s statutory review.*** This proactive approach is a common sense way to allow such initiatives to move forward rather than to become delayed by bureaucratic procedure, which, in this instance, benefits the security and safety of the water supply, the Authority, and the ratepayers.

The Advisory Board supports the Authority’s expected addition of \$435,000 in CEB spending and the estimated additional \$340,000 in CIP spending consistent with the additional contaminant monitoring needs discussed above.⁵¹

⁵¹ Note: not all expenses within the \$435 thousand are “other materials”; however, the Advisory Board’s recommendation is intended to encompass all of the specific additions up to the aggregate, budgeted in the appropriate line items.