

**Advisory Board
Comments & Recommendations
On MWRA PFY22 Budget**



All Materials Online

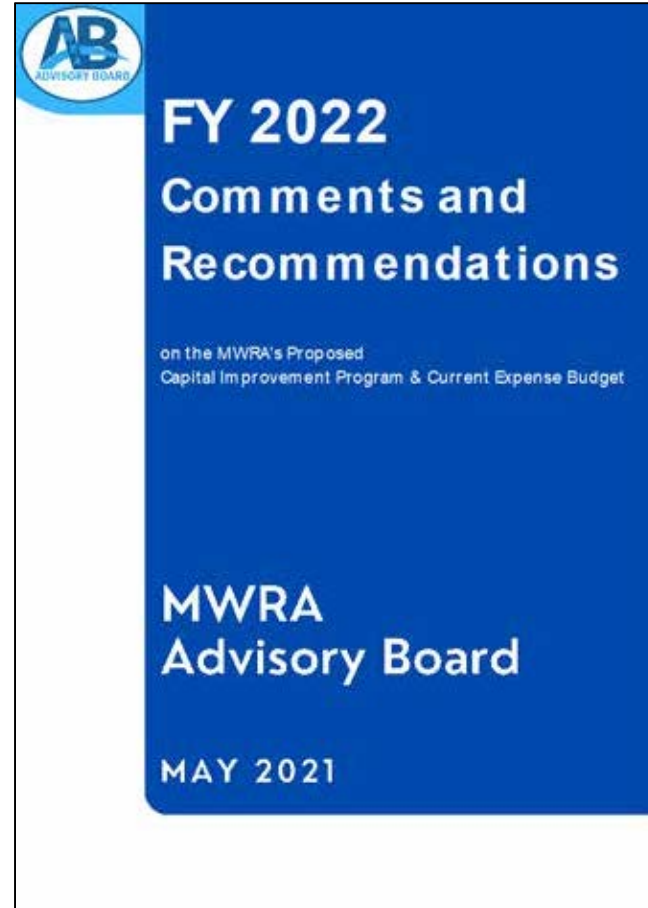


A screenshot of the MWRA Advisory Board website. At the top, a banner reads "FY22 COMMENTS & RECOMMENDATIONS". Below this, there is a video player showing a video titled "FY22 Comments and Recommendations" with a play button and a progress bar. To the right of the video player, there is a section titled "Advisory Board Recommends 2.95% Assessment Increase". Below this section, there is a large blue box with the text "FY 2022 Comments and Recommendations" and "MWRA Advisory Board". To the right of this box, there is a paragraph of text starting with "Last year, the Advisory Board as the COVID-19 pandemic began and its effects were uncertain, the Advisory Board recommended a 7% rate increase and provided other options for contributors to reduce the amount of money they sent to the MWRA by offering deferrals on their MWRA loan payments. This year, for the second year in a row, the Advisory Board has recommended a rate revenue increase of less than 3%. While the future brings an amount of the pandemic to remain unknown, the Advisory Board views this as a hopeful sign to our long-term goal of keeping rates sustainable and predictable, while helping them transition into a below 3% range."

<https://www.mwraadvisoryboard.com/fy22-comments-recommendations/>

4 Focus Areas

- Debt Service Assistance
- Personnel Costs
- Optional Debt
- Prepayment
Watershed Vacancy



Proposed Budget Summary



Rate Revenue	769,385,000	796,891,000	3.59%
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Year	Proposed	Approved
FY18	3.79%	3.19%
FY19	3.91%	3.07%
FY20	3.74%	3.07%
FY21	3.62%	1.00%
FY22	3.59%	2.95

%

Debt Service Assistance

Total Adjustment: \$1,287,870



- \$1,287,870 in anticipated DSA
- 86% of the state-wide appropriation

Advisory Board's "Pay it Forward" Principle:
Applying any Debt Service Assistance received towards the next fiscal year.

Wages and Salaries

Total Adjustment: (\$250,000)

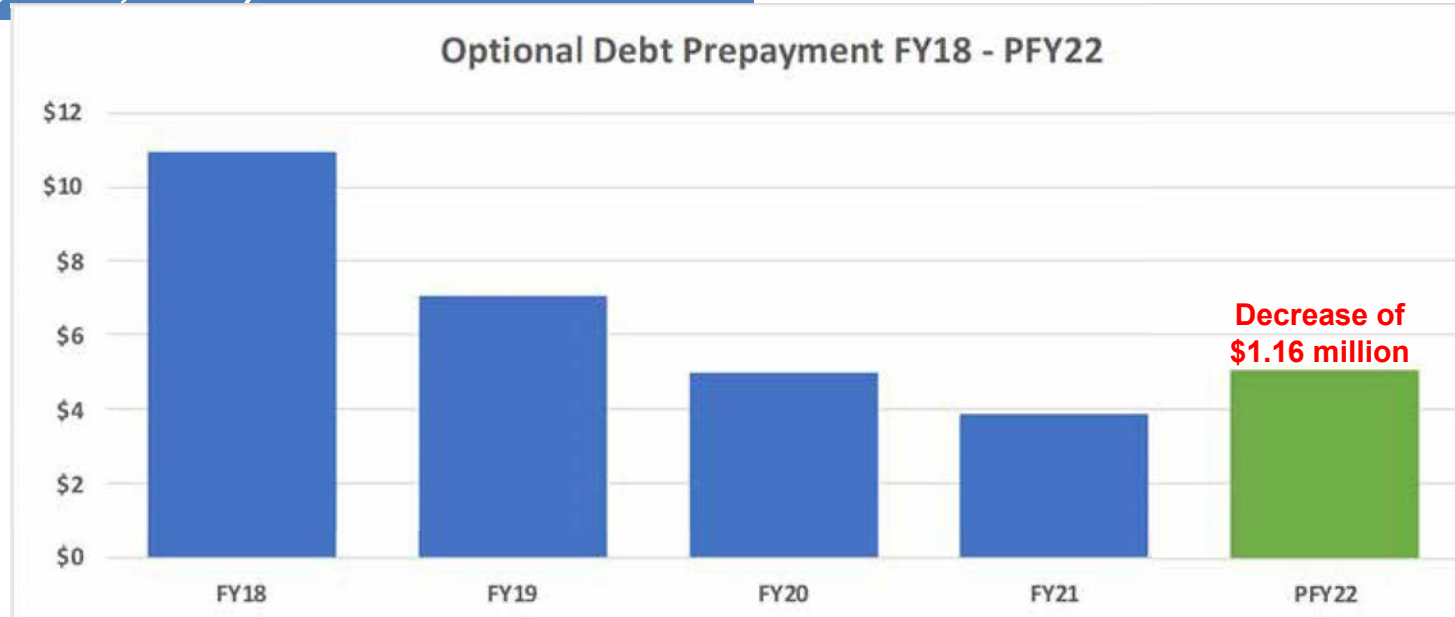


Proposed Fiscal Year 2022 Personnel Expenses Summary (\$s)				
Line Item/Description	Final FY21	Proposed FY22	Δ (\$s)	Δ (%)
Regular Pay	\$111,146,292	\$115,813,644	\$4,667,352	4.2%
Regular wages and salaries for full- and part-time employees.				
<p>Through March of FY21, wages and salaries were reported under budget by \$4.1 million or 5.0%. This includes 24 fewer average FTEs than the budget 1,163 for FY21.</p>				
Includes health insurance, dental insurance, Medicare, and all other fringe benefits.				
Overtime	5,018,295	5,218,345	200,050	4.0%
For planned maintenance, emergency, and coverage.				
Workers' Compensation	2,475,655	2,242,524	-233,131	-9.4%
Includes compensation payments, medical payments, and other related costs.				
TOTAL PERSONNEL EXPENSES	\$142,815,472	\$148,463,089	\$5,647,617	4.0%



Optional Debt Prepayment

Total Adjustment:
(\$1,162,500)



Watershed



Watershed Reimbursement				
Categories	FY21 Budget	FY22 Proposed Draft	Δ (\$s)	Δ (%)
Operating Expenses				4.3%
Debt Service				-
Payment in Lieu of				0.9%
SUBTOTAL (Expense				3.2%
Revenue				-15.7%
TOTAL (Revenue Deducted)	\$25,212,138	\$26,247,370	\$1,035,232	4.1%

Through March of FY21, the Watershed Division is \$2.4 million or 17.9% underspent.

Watershed

Total Adjustment: (\$761,000)



Period	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	FY21 YTD	FY21 Bud	FY21 Var	FY21 % Var
FTE	134.0	132.0	132.0	132.0	130.0	131.0	134.0	137.0	136.0	134.0	133.2	150.0	(16.8)	-11.2%

- For PFY22, the MWRA proposed a vacancy rate of 7 FTEs, noting it was unlikely that the watershed would be fully staffed in FY22.
- Advisory Board recommending an additional 7 FTEs (vacancy rate of 14 FTEs total).

Watershed



Recommendation: That the MWRA place \$761,000 from the FY21 surplus in the Revenue Fund to be made available for additional staffing expenses beyond DWSP's FY21 funded levels if needed. If unused, the Advisory Board recommends that the MWRA use the \$761,000 be used for defeasance.

Additional Tools



\$27.9 million
For FY22



Recommendation 2: The Advisory Board recommends two methods to providing financial flexibility to communities: (1) a significant reduction to the FY2021 RRR, and (2) leniency on loan repayments from communities to the MWRA for FY2021, FY2022, and FY2023 as we navigate the impacts of COVID19.

MWRA
Advisory Board

The Community Advisory Board to the
Massachusetts Water Resources Authority

July 2020

Dunphy Sheet



IMPACTS ON EXPENDITURES	Amount	Description
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MWRA ADVISORY BOARD RECOMMENDATIONS FOR FY22 CEB		
Staffing (vacancy rate assumptions)	\$	(250,000)
Optional Debt Prepayment	\$	(1,162,500)
Debt Service Assistance	\$	(1,287,870)
Indirect Costs - Watershed Staffing	\$	(761,000)
Spring Revisits	\$	(1,332,570)
Subtotal AB Recommendations	\$	(4,793,940)

HEEC	\$ 15,912	Slight increase based on latest info from HEEC
Insurance	\$ 400,000	Increase to premiums based on latest bids received
Subtotal of Changes to Operating Costs	\$ (1,183,043)	
Revenue & Income		
	\$ -	
Subtotal of Rate & Revenue	\$ -	
OPERATING RESERVE REQUIREMENT ADJUSTMENT		
Operating Reserve Requirement	\$ (149,527)	<i>Updated based on applicable adjustments; applies only to direct costs and certain indirect costs (revenue not included)</i>
NET CHANGES TO PROPOSED FY22 CEB	\$ (4,793,940)	

Policy



Policy

Watershed

In 2004, in response to concerns that DWSP's staffing and spending was limited by financial constraints being imposed by the Commonwealth due to economic concerns, legislation was filed to place the DWSP's financing squarely under the MWRA, with oversight provided by the Water Supply Protection Trust. The legislation was intended to insulate the division from the ups and downs of the state's budget by allowing a consistent and reliable funding source to alleviate these issues.

In practice, however, staffing has continued to be an issue. In recent years, the Advisory Board has expressed concerns over staffing levels at the Department of Conservation and Recreation's (DCR's) Division of Water Supply Protection (DWSP). Staffing levels had fallen far below what the budgeted levels were and have not approached the budgeted number for some time.

In response to these concerns, DWSP conducted a staffing study, which determined that 100 FTEs would adequately support the division's needs and assure they could meet their responsibilities. Since that time, the numbers have still trended well below that level.

As of April 2020, there were 134 FTEs – 36 positions and 98, below the amount the staffing study asserted were necessary to meet the division's needs. The FY21 year-to-date average is 133.2 FTEs.

Even though DWSP's positions are funded by the MWRA, DWSP has encountered issues filling these positions due to the Commonwealth's role in the hiring process. The Advisory Board has continued to raise these concerns and the Trust has discussed the issue many times, as has the MWRA Board of Directors.

Recently, the Massachusetts Department of Environmental Protection (MassDEP) released its annual inspection reports on the Quabbin, Ware River and Wachusett watersheds specifically as it relates to maintaining the federal filtration system under the federal Safe Drinking Water Act. In it, they specifically flagged DWSP staffing levels as a concern for meeting future obligations needed to continue filtration operations. They have recommended that DCR backfill the vacancies as quickly as possible or meet the urgent needs with contract services and are reporting quarterly reports on staffing levels and the potential impacts of the existing vacancies on the DWSP's core mission to ensure the MWRA's source water quality.

The Advisory Board applauds MassDEP for reinforcing our long-held belief that DWSP staffing levels should be maintained as a critical piece of the protection of the watersheds, the reservoirs, and the source water for the MWRA system.

As already discussed previously, the Advisory Board has recommended increasing the vacancy rate for DWSP to bring it more in line with its historical spending, while leaving funds available should higher staffing levels be achieved. The ideal goal is to bring DWSP's staffing levels up to the recommended 100 positions. The Advisory Board looks forward to working with the MWRA and the Water Supply Trust to make significant progress on this goal in FY22.

Recommendation: That the MWRA continue to work with the Advisory Board and the Water Supply Trust to aggressively fill the vacancies in the Division of Water Supply Protection.

FY22 COMMENTS & RECOMMENDATIONS 9

Budget Amendment ID: FY2022-S3-294

Redraft ENV 294

Water Supply Protection Trust

Ms. Gobi moved that the proposed new text be amended by inserting after section 4 the following section:-

“SECTION 4A. Section 75 of chapter 10 of the General Laws, as so appearing, is hereby amended by inserting after the figure “(c)”, in line 95, the following words:- “; provided, however, that in accordance with an annual staffing plan, the staffing levels, hiring and promotions at the division of water supply protection shall not be subject to any restriction, limitation or cap imposed by any executive office or department”.

Policy



Legislative

Why is the Secretary trying to “fix” something that isn’t broken?

As the FY22 state budget process has unfolded, it has included language allowing the Secretary of the Executive Office of Energy and Environmental Affairs (ECEEA) to appoint a designee to represent her on the MWRA Board of Directors.

The Advisory Board, working with House Leadership, successfully removed that language from the final House version. The language has also been included in the Senate version, assuring that it will be part of conference committee deliberations? Why?

The MWRA is, without doubt, an environmental success story. It is, in fact, one of the best run and most accomplished entities created by the Commonwealth.

Over the past 36-plus years, they have cleaned up the Harbor, brought the Charles River back to life, provided the best drinking water in the country, maintained one of the highest bond ratings, and accomplished this without state appropriations. MWRA has spent over 7 billion dollars and has achieved ratepayer/community buy-in.

A major reason for this is due to the 11-member MWRA Board of Directors. The framers (authors) of the Enabling Act masterfully constructed a Board that provided 3 seats to the Governor, 3 seats to the communities through the Advisory Board, 3 seats to our largest community (Boston), along with seats to each of our host communities (Quincy and Waltham). The Board's dynamic – which does not give any entity a majority, guarantees dialogue as well; give and take, and ultimately a resolution – works.

It is mandated that the Secretary of ECEEA serve not only as a member but as the Board's Chair.

This “hands on” approach for the environmental leader of Massachusetts has been critical in ensuring that the MWRA's environmental agenda has been set and vetted at the highest levels of government.

Without the Secretary mandated to be a part of the Board, the direct link will be gone, dissemination of information will be secondhand, and critical decisions possibly delayed.

Recommendation: The Advisory Board recommends that the MWRA Board of Directors direct Authority staff to communicate their concerns over the proposed changes to the MWRA Board of Directors composition with the Governor's office and the House/Senate conference committees, urging them to keep the MWRA Board of Directors as it is currently composed.

It was worked for the past 12 secretaries over 36 years and should continue to do so.

Recommendation: The Advisory Board recommends that the MWRA Board of Directors direct Authority staff to communicate their concerns over the proposed changes to the MWRA Board of Directors composition with the Governor's office and the House/Senate conference committees, urging them to keep the MWRA Board of Directors as it is currently composed.



May 26, 2021



*MWRA Fiscal Year 2022
Current Expense Budget
Development Update*

May 26, 2021



Activity since February:

- Proposed 3.6%
- Conducted budget briefings
- Reviewed current pricing and market conditions



Largest Changes from the Spring Revisit:

- Maintenance -\$1.5M
- Wages & Salaries -\$1.0M
- Other Materials +\$1.7M



Capital Finance Spring Revisit Adjustments:

- Application of defeasance
- Structure and timing of debt issuance
- Borrowing needs adjusted for final CIP



Advisory Board:

- Cooperation throughout the budget process
- Previewed Comments and Recommendations approved by Advisory Board Thursday, May 20th
- Staff will develop formal recommended responses



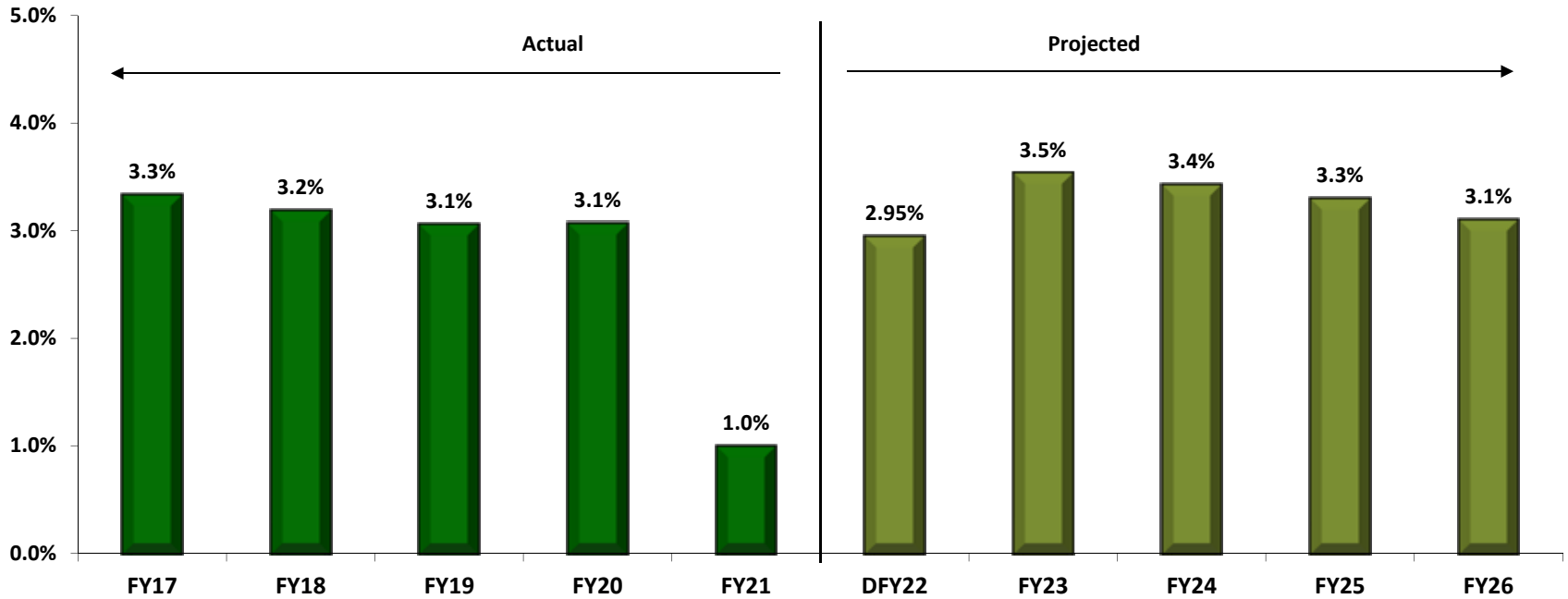
Next Steps:

- Staff are confident in achieving a 2.95% combined increase
- Preserve “Sustainable and Predictable” rate increases below 4.00%
- Staff will be back in June with a Draft Final recommendation



FY22 Draft Final Rate Projections

MWRA Combined Utilities
Historical and Projected Rate Revenue Changes





***Thank You,
Stay Well!***



Adoption of Juneteenth Holiday

- For approval
- Presenter:
 - Patterson Riley, Special Assistant for Affirmative Action



- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Appointment of Director, Western Operations

- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Appointment of Director, SCADA, Metering and Monitoring

- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Appointment of Director, Environmental and Regulatory Affairs

- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Appointment of Program Manager, SCADA Tech

- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Appointment of Program Manager, Engineering and Construction

- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Appointment of Program Manager, Electrical

- For approval
- Presenter:
 - Andrea Murphy, Director of Human Resources



Authority Transparency and Accountability Act Compliance

- For discussion by the Board



- For information
- Presenter:
 - Dave Coppes, Chief Operating Officer
 - Steve Estes-Smargiassi, Director of Planning and Sustainability



- For information
- Presenter:
 - David Coppes, Chief Operating Officer
 - Steve Estes-Smargiassi, Director of Planning and Sustainability



- For information
- Presenter:
 - Michele Gillen, Director of Administration
 - Douglas Rice, Director of Procurement



FY21 Financial Update and Summary as of April 2021

- For information
- Presenter:
 - Thomas Durkin, Director of Finance
 - Matt Horan, Deputy Director of Finance/Treasurer
 - Michael Cole, Budget Director



Bond Defeasance of Future Debt Service

- For approval
- Presenter:
 - Thomas Durkin, Director of Finance
 - Matt Horan, Deputy Director of Finance/Treasurer



Conveyance of Cleverly Court, Quincy

- For approval
- Presenter:
 - Michele Gillen, Director of Administration



MOU with BWSC for Reimbursement of Health and Safety Training

- For approval
- Presenter:
 - Michele Gillen, Director of Administration
 - Matt Dam, Manager, Occupational Health and Safety



- For approval
- Presenter:
 - Paula Weadick, Director of MIS



Task Order Appraisal Services

- For approval
- Presenter:
 - Michele Gillen, Director of Administration



FY22 Insurance Program Renewal

- For approval
- Presenter:
 - Paul Whelan, Manager of Risk Management



***MWRA Water Main Break on Section 79
April 27, 2021***

May 26, 2021



Vinton Street Melrose, April 27, 2021





Break Site





Lynn Fells at Vinton Street Intersection





Clearing Material on Lynn Fells Parkway



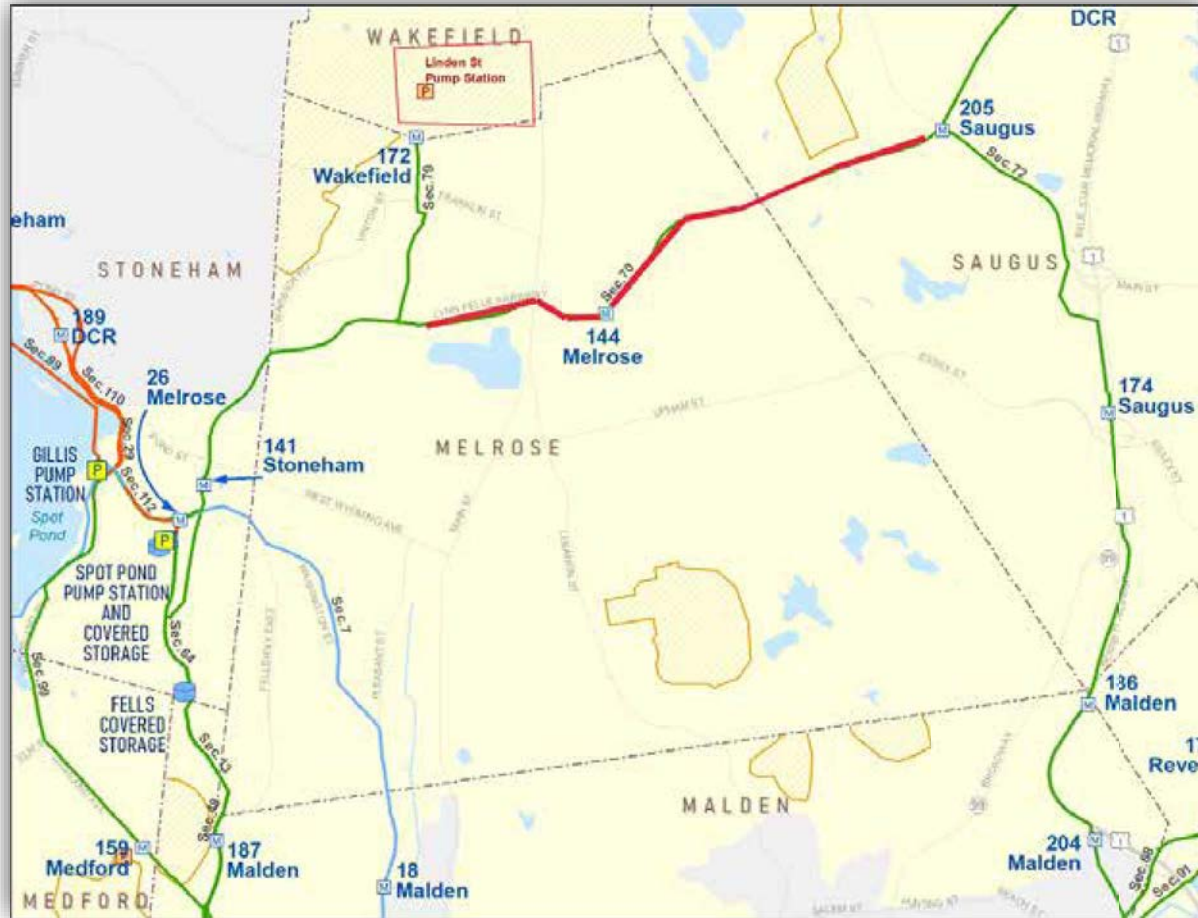


Vinton Street Melrose





Fells Service Area





Linden Street Pump Station





Inspecting Drains and Melrose Sewer





Begin to Excavate and Repair Road to Open to Abutters





Vinton Street Overview





Existing Pipe on Ledge and Poor Bedding





Excavate, Remove and Replace Damaged Sewer





Excavate and Remove Damaged pipe





New Pipe Work Completed





Installation of 20" Gate Valve and Testing Pipe





Purchase Order for emergency repair issued to
RJV Construction Corporation

PO Amount:	Not to Exceed \$750,000.
Duration:	90 calendar days
Notice to Proceed:	April 28, 2021
Completion Date:	July 26, 2021

Final paving to be done after one winter season



Supply and Delivery of Sodium Hypochlorite to the Carroll Treatment Plant and Brutsch Treatment Facility

- For approval
- Presenter:
 - Valerie Moran, Director of Waterworks



Water System Hydraulic Model

- For approval
- Presenter:
 - Lisa Hamilton, Deputy Director of Engineering and Construction

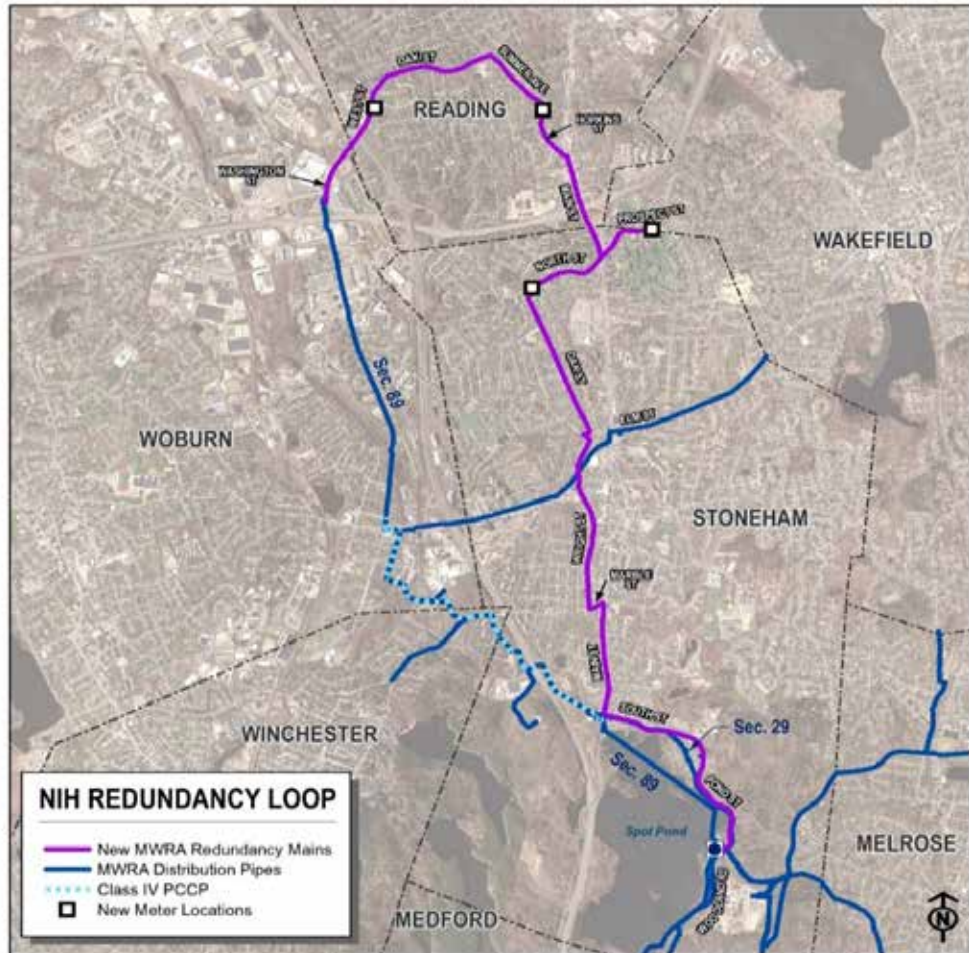


*Section 89 Replacement Pipeline
Contract 7117*

May 26, 2021



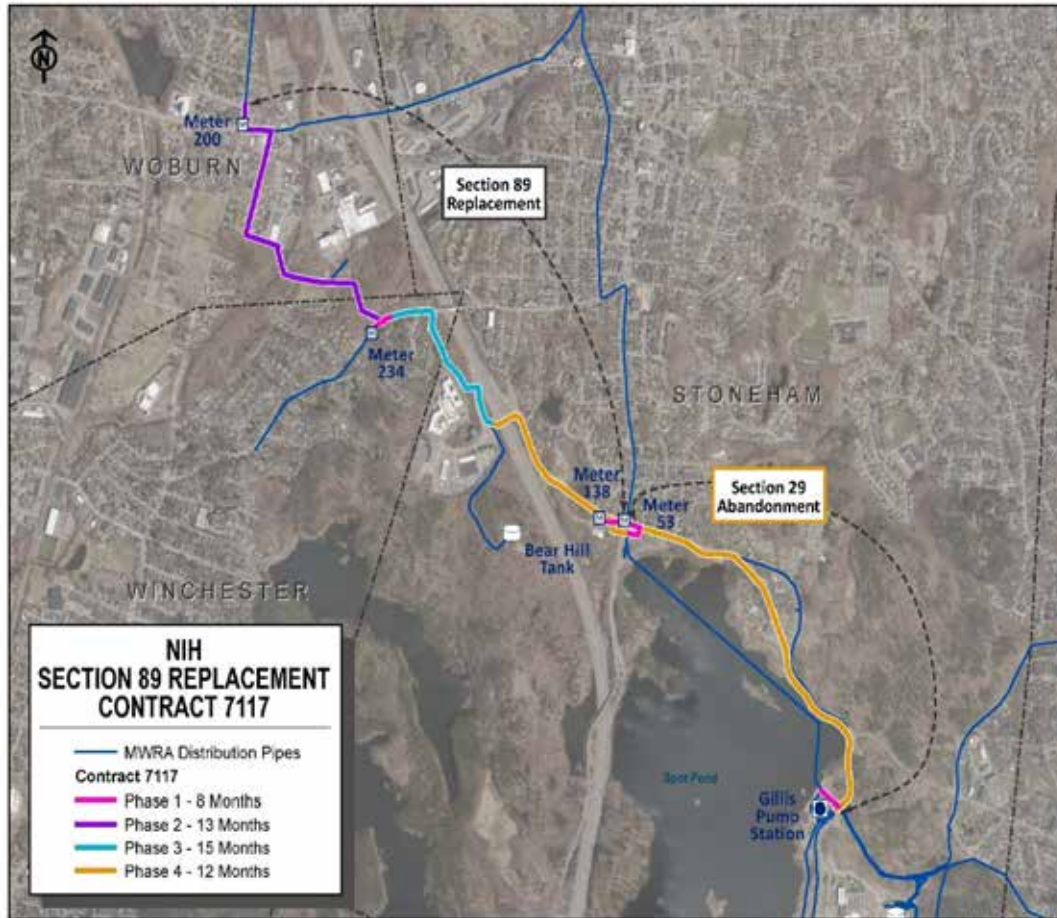
Northern Intermediate High Redundancy Loop



- 11,200 linear feet of 36-inch pipeline
- 21,800 linear feet of 48-inch pipeline
- 2,600 linear feet of 12 to 16-inch pipeline
- Four new Revenue Meters
- In Service December 2019



Contract 7117 NIH Section 89 Replacement



Construction Contract 7117

- 10,500 linear feet of 48-inch pipeline
- Abandonment of Section 29 (6,000 Linear feet of 24-inch diameter pipe)
- 48 month duration



Contract 7117 Bid Results

Contractor	Bid Price
<i>Engineers Estimate</i>	<i>\$30,345,745</i>
P. Gioioso & Sons, Inc.	\$32,619,000
Albanese D&S, Inc.	\$34,430,000
RJV Construction Corp.	\$37,154,000
Baltazar Contractors Inc.	\$37,320,000
Revoli Construction Co., Inc.	\$38,815,000
Barletta Heavy Division Inc.	\$54,142,000



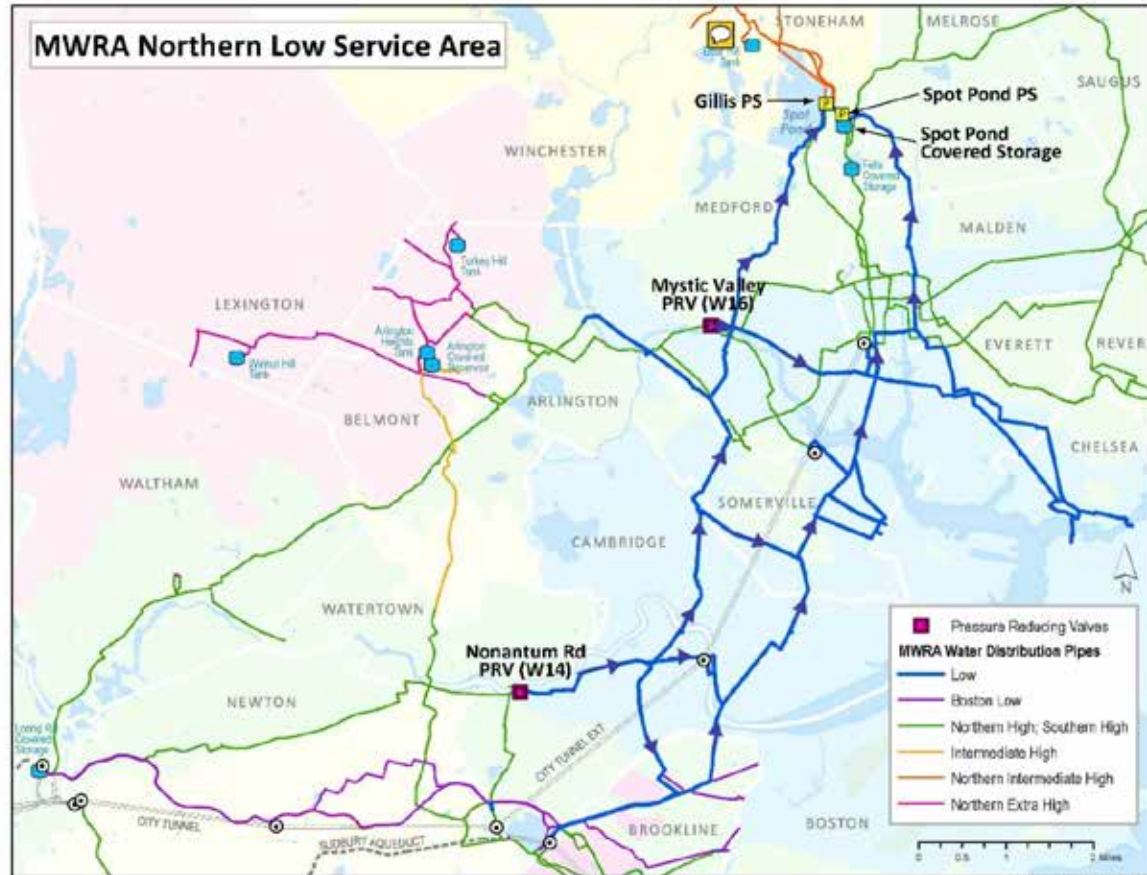
*Low Service Pressure Reducing
Valve Improvements
Contract 7563*

May 26, 2021



Emergency Supply to the North

- In emergency scenario, PRVs would be activated at WASM 4 and WASM 3
- Supply rerouted through Spot Pond Supply Lines to Gillis and Spot Pond Pumping Stations to supply Northern Low, Northern High, and Northern Intermediate High





Pressure Reducing Valve (PRV) Improvements



W14
Nonantum
Road Vault
and PRV
(existing)



W16
Nonantum
Road Vault
and PRV
(existing)

Construction Contract 7563

- Demolition of existing vaults, PRVs, and appurtenances
- Construction of new cast-in-place vaults at both W14 and W16
- Installation of two new 42-inch PRVs at W16 and two new 30-inch PRVs at W14
- Installation of new Master Meter at W16



Contract 7563 Bid Results

Contractor	Bid Price
<i>Engineers Estimate</i>	<i>\$11,200,000</i>
RJV Construction Corporation	\$11,326,000
Albanese D&S, Inc.	\$11,834,000
R. Zoppo Corporation	\$12,344,000
GVC Construction Inc.	\$12,524,464
P. Gioioso & Sons Inc.	\$14,312,534
WES Construction Corporation	\$15,858,000



Low Service PRV Improvements - Boston/Medford, Design and ESDC

- For approval
- Presenter:
 - John Colbert, Chief Engineer



Carroll Treatment Plant Sodium Hypochlorite System Modifications

- For approval
- Presenter:
 - Cori Barrett, Director of Construction