



**MWRA ADVISORY BOARD MEETING  
MAY 16, 2013  
SAMUEL HADLEY PUBLIC SERVICES BUILDING  
201 BEDFORD STREET, LEXINGTON, MA**

Minutes Approved at the September 19, 2013 Meeting

Sixty people were in attendance, including thirty-two voting members: Mike Rademacher, ARLINGTON; David Manugian, ASHLAND; Peter Castanino, BELMONT; John Sullivan, BOSTON; Jay Hersey, BROOKLINE; Norm Lavigne, BURLINGTON; Tim MacDonald, CAMBRIDGE; Michael Trotta, CANTON; Andrew DeSantis, CHELSEA; Ed Demko, HINGHAM; Erik Gitschier, LEXINGTON; Dan O'Neill, LYNN; Amy McHugh, MARBLEHEAD; Cassandra Koutalidis, MEDFORD; Matthew Hickey, MELROSE; Katherine Haynes Dunphy, MILTON; F. Thom Donahue, NAHANT; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Jeff Zager, READING; Nick Rystrom, REVERE; Robert King, SOMERVILLE; John DeAmicis, STONEHAM; Jack Mitchell, STOUGHTON; Carol Antonelli, WAKEFIELD; Patrick Fasanello, WALPOLE; Walter Woods, WELLESLEY; Bob Angelo, WESTWOOD; Jeff Bina, WEYMOUTH; Zig Peret, WILBRAHAM; Joe Lobao, WILMINGTON; Anthony Blazejowski, WOBURN.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Paul Canavan, BOSTON; Sam Corda and Roger Frymire, CAMBRIDGE; George Burnell, LEXINGTON; Joe Welch, NORWOOD; Eric Sherman, WAKEFIELD; Rick Mattson, WALPOLE; Andreae Downs, WAC; Fred Laskey, Michael Hornbrook, Rick Trubiano, Rachel Madden, Kathy Soni, Dave Whelan, Marcis Kempe, Pam Heidell, Steve Estes-Smargiassi, Victor L'Esperance, Betsey Reilley and Kevin McCluskey, MWRA STAFF; Joe Favaloro, Matthew Romero, Maggie Kenneally, Cornelia Potter and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**A. WELCOME**

Chairman Katherine Haynes Dunphy called the MWRA Advisory Board meeting to order at 11:47 a.m.

**B. PRESENTATION: MWRA RESPONSE TO TRESSPASSERS AT THE QUABBIN**

MWRA Executive Director Fred Laskey stated that the MWRA received a call Tuesday morning from the State Police Barracks at the Quabbin regarding an incident the night before. The State Police had noticed some vehicles parked at a closed gate at an entrance to Quabbin. Seven individuals came out of the woods, one carrying a flashlight, and the state trooper detained these individuals. Their identifying information was taken and background checks were done and they were released.

The MWRA, the Department of Conservation and Recreation (DCR), the State Police and the Federal Bureau of Investigation (FBI) came onto the scene and the FBI took control of the investigation.

The seven individuals identified themselves as coming from the countries of Saudi Arabia, Pakistan, Bangladesh and Singapore and said they were recent college graduates from the University of Massachusetts and Smith College that studied to become engineers and chemical engineers.

Mr. Laskey stated that in a very short period of time, staff was able to reassure the public that the MWRA had no water quality issues.

Director of Emergency Preparedness Marcis Kempe stated that staff has done vulnerability assessments and has emergency response plans in place to deal with incidents such as this. Staff also uses its water quality monitoring tools as part of the overall security awareness.

Mr. Laskey noted that post-9/11, public access at the reservoir was eliminated; however, a consensus in the industry was that it was better to allow public access because the public then becomes your “eyes and ears” while they are out hiking and will be able to report back anything that they see.

Mr. Kempe stated that the vehicle used by the individuals was parked in an area that noted that it was closed to the public from “dusk to dawn.” Physical inspection was undertaken of facilities that these people might have been able to reach. In terms of the enormous Quabbin reservoir itself, it would take a lot of material in order to raise the concentration in the water; the dilution factor is huge. It would be unlikely that these seven individuals could carry anything in that would affect the water itself.

Staff inspected the intake structure and everything was secure. In addition to intrusion security alarms, the Authority also has water quality alarms.

Director of ENQUAD Betsy Reilley noted that if parameters change in the water quality, the system has notification alarms. Mr. Laskey added that the notifications can be sent on a 24/7 basis. If anything were added to the water, it would be noticed by these sensors early and be confirmed before it reaches the John J. Carroll Water Treatment Plant in Marlborough.

Mr. Kempe said DCR staff looked for physical evidence of any damage that could have been done by the intruders and found nothing. The bottom line is that no intrusion was found into any of the facilities; they entered the reservation but they did not get into the water system in any way. MWRA implemented its response protocols for things like the sampling and detection and a heightened monitoring of water quality throughout the system, in addition to security checks. After that, it becomes a law enforcement investigation.

Mr. Laskey added that after 9/11, the MWRA had strong gates installed to prevent any vehicle from going over the top of the dam. Staff believes the dam was safe and the people

themselves wouldn't have been able to carry anything in that would cause substantial damage.

MWRA staff had previously done walk-throughs of its facilities with the Department of Homeland Security and the FBI to help to determine any weaknesses or risks and have addressed any issues.

Mr. Kempe noted that everything on the response side worked like it should. There is no evidence that any harm was done.

MWRA Advisory Board Executive Director Joseph Favaloro stated that "stupid should have a consequence." Can the MWRA and the Advisory Board push for maximum sentencing? Frankly, every dime spent to determine if any harm had been done should be recovered, not only for the MWRA, but also for DCR, the State Police, and the FBI. Mr. Laskey stated that the point is well taken; he will look into it.

**C. PRESENTATION: IMPACTS TO THE SEWER SYSTEM FROM THE DISPOSAL OF RAGS AND WIPES** – Richard Trubiano, MWRA Deputy Chief Operating Officer

This presentation was postponed.

**D. COMMITTEE REPORTS**

**Finance Committee** – Bernard Cooper

**❖ ACTION ITEM: MWRA ADVISORY BOARD DRAFT FY14 OPERATING BUDGET**

Mr. Favaloro stated that the budget the Advisory Board put forward for FY14 in draft form last month remains the budget that the Advisory Board is requesting to move forward with. The budget was approved by the Executive Committee on May 10. The request from the MWRA increases by \$15,078. Rent is the largest increased item and there is a small incremental increase for Wages and Salaries. Other line items will stay the same or go down.

The number of staff will stay the same; however, there will be a different mix of staff. The budget is as tight as the Advisory Board could make it. Efforts to negotiate with the landlord to condense the Advisory Board into the MWRA's space are ongoing, but from a timing perspective, did not work for this budget.

A motion was made **TO APPROVE THE MWRA ADVISORY BOARD'S FY14 OPERATING BUDGET OF \$472,614, WITH A REQUEST FROM THE AUTHORITY OF \$466,759.** It was seconded and passed by unanimous vote.

**❖ ACTION ITEM: MWRA ADVISORY BOARD DRAFT COMMENTS AND RECOMMENDATIONS ON THE MWRA'S PROPOSED FY14 CIP AND CEB**

Manager for Finance and Policy Review Matthew Romero gave an overview of the MWRA's Proposed FY14 Current Expense Budget (CEB) and Capital Improvement Program (CIP). Major categories of spending in the CEB include the capital financing line items, wages and salaries and personnel-related line items. The bottom line is a CEB totaling \$660.6 million.

Capital financing continues to be the major driver of rate increases at 60.3% of the Authority's budget and increasing by \$22.8 million from FY13. Personnel-related costs have actually decreased, partially because of staff reductions, but also because capital financing went up. Retirement expense increased substantially as well. Regarding debt service expenses, the Authority has noted that FY14 is the first year that more principal will be paid than new money will be borrowed.

The Authority proposes to put \$5.9 million into the pension fund based on its annual required contribution according to their latest actuarial study. In addition, MWRA staff proposes to add an additional \$2.2 million payment to take into account a revised mortality index that will take effect in FY15. Further, the Authority has included \$5 million that it would have proposed for the Other Post-Employment Benefits (OPEB) fund and included it in the pension fund in the effort to bring the pension fund to 100% funding by 2024. Once the pension fund is fully funded, the Authority will begin to fund its OPEB liability.

Advisory Board staff proposes to remove the additional \$2.2 million mortality index payment because it is not required to be implemented until FY15. Removing this payment would allow for a 3.49% rate increase, rather than the 3.9% that the MWRA proposed.

On the capital side, Mr. Romero noted that the MWRA met the Advisory Board's challenge to keep the next five-year capital spending cap for FY14 through FY18 at \$800 million or less by coming in at \$793.5 million.

Advisory Board staff proposed to remove \$2.8 million associated with the hatchery pipeline because this project would benefit the Commonwealth not the ratepayers, and because it was tied to an incentive for the Commonwealth to help to achieve a streamlined system expansion process to let new communities and entities join the MWRA water works system. To date, there is no streamlined process being implemented.

For the policy recommendations, the Advisory Board is recommending that any co-digestion process being proposed at the MWRA be more than revenue neutral to the ratepayer. Not only should this process be revenue neutral, but it should also actually be a significant new source of revenue to the MWRA.

It would help the industrial users that have to remove the food waste to meet their obligation; it would help the Commonwealth meet its regulatory aims in removing this food waste; and, by the same token, help to reduce rates for the MWRA ratepayers as well. The benefits need to be significantly greater for the MWRA than the costs associated with this process.

The Advisory Board's *Comments and Recommendations* include discussion on a residuals contract extension while staff explores the long-term prospects for the residuals facility.

With regard to watershed payments in lieu of taxes (PILOTs), the Advisory Board would like to create a committee to explore options involving stakeholders, such as the Department of Revenue, the communities that receive the PILOT payments, the MWRA and the MWRA Advisory Board. The MWRA is one of the few entities that actually pays 100% of the full value on its PILOT payments. It is one of the largest growing cost centers for the Authority and is completely out of the Authority's control. The Advisory Board would like to explore different value options with the stakeholders involved.

There is currently \$5 million in the proposed CIP for watershed land acquisition over the five-year period of FY14 to FY18 to purchase land for watershed protection. The Authority and DCR already have control over a significant percentage of the watershed lands and the lands surrounding it through conservation restrictions or ownership. The Advisory Board is proposing that the Division of Water Supply Protection identify its "top ten" list of priority one parcels in executive session. If during the next five years one of these parcels becomes available, buy it. If it is not in the "top ten" list, then there should be no rush to buy it just because it is available.

The Advisory Board is recommending that the Authority provide an additional layer of protection when it comes to some of the recent criticisms during the long assessment of the forestry program. Having a green recertification of the Forestry Program would add that additional layer of protection.

In the past, the entrance fee has been a stumbling block for communities in the system expansion process. To assist in this process, the Advisory Board had proposed that communities could pay the entrance fee over 20 years. Additionally, it had been proposed that there could be a three-year grace period where the community would not have to begin the payments for three years. At this point, there has still been little interest from communities about formally joining the MWRA water works system. Since this incentive has done little to entice communities or entities to join, Advisory Board staff is recommending that a sunset provision be instituted on this new entrance fee policy.

The Advisory Board is proposing a review of the septic sites that are approved and regulated by the MWRA. This relates to industrial rags that are being illicitly discarded into the MWRA's system causing systemic problems for the Authority. The Authority is putting together an educational out-reach program to ensure that the communities that have these septic sites know what their responsibilities are as pertains to the MWRA. The Advisory Board is recommending that a task force be formed to take a look at all of the regulations and the sites to see if there is any need to potentially increase the fines for illegal materials that are dumped there.

The Advisory Board's *Comments and Recommendations* can be found at: <http://sdrv.ms/104u1Rq>.

A motion was made **TO APPROVE THE MWRA ADVISORY BOARD'S DRAFT COMMENTS AND RECOMMENDATIONS ON THE MWRA'S FY14 PROPOSED CEB AND CIP**. It was seconded and passed by unanimous vote.

**Operations Committee** – Lou Taverna

- ❖ **ACTION ITEM: PRIOR TO THE START OF THE REGULAR MEETING, THE OPERATIONS COMMITTEE WILL MEET AT 10:30 A.M. TO DISCUSS AND MAKE A RECOMMENDATION ON A PROPOSAL TO: 1) REVIEW AND CHECK UNMETERED WASTEWATER AREAS; 2) DEVELOP, AS NECESSARY, NEW SCALING FACTORS; AND 3) INSTITUTE TIMELINE TO INCORPORATE CHANGES INTO COMMUNITY FLOWS**

Chairman Dunphy stated that the Operations Committee met prior to the Advisory Board meeting to discuss and approve the three items listed above.

A motion was made **TO APPROVE THE RECOMMENDATIONS OF THE OPERATIONS COMMITTEE TO REVIEW AND CHECK UNMETERED WASTEWATER AREAS; DEVELOP, AS NECESSARY, NEW SCALING FACTORS; AND INSTITUTE A TIMELINE TO INCORPORATE CHANGES INTO COMMUNITY FLOWS**. It was seconded and passed by unanimous vote.

**Executive Committee** – Katherine Haynes Dunphy

- ❖ **ACTION ITEM: NOMINATION AND ELECTION OF AN ADVISORY BOARD REPRESENTATIVE TO THE MWRA BOARD OF DIRECTORS**

Chairman Dunphy stated that the Executive Committee, acting as the Nomination Committee, has nominated Joseph C. Foti to serve as the Advisory Board's representative on the MWRA Board of Directors.

Mr. Foti stated that he has enjoyed the past twelve years serving on the Board of Directors and that he still finds the challenge interesting and fun. He stated that he believes that he, John Carroll and Andrew Pappastergion work well together in serving the interests of the 60 member communities. Given the opportunity, he would like to serve for an additional term.

Hearing no nominations from the floor, a motion was made **TO NOMINATE AND ELECT JOSEPH C. FOTI TO SERVE AS AN ADVISORY BOARD REPRESENTATIVE ON THE MWRA BOARD OF DIRECTORS FROM JULY 1, 2013 TO JUNE 30, 2016**. It was seconded and passed by unanimous vote.

Mr. Foti thanked members for their support.

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro stated that the House Budget released last month included \$600,000 for Debt Service Assistance (DSA). The Senate Budget that was released yesterday did not include DSA funding. Senator Brewer has assured the Advisory Board that DSA will be included in the final House/Senate Budget.

Staff met with the House Majority Leader last Friday. The message staff shared with him was that since there was a \$512 million surplus over their projected revenue number, the Advisory Board would like to request that the \$500,000 in DSA that the Governor 9c'd be restored.

Additionally, staff stated that the only potentially successful funding for water and wastewater infrastructure must come from a new revenue stream. From that perspective, staff is actively pushing for funding from the online sales tax. It is a new revenue stream of upwards of \$200 million per year that no one has ownership of and everyone will want a piece of.

**E. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:04 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,



William Hadley, Secretary