

**MWRA ADVISORY BOARD MEETING
JUNE 17, 2004
BRADLEY ESTATE
2468B WASHINGTON STREET, CANTON, MA
MINUTES APPROVED AT THE SEPTEMBER 16, 2004 MEETING**

Seventeen members were present: E. A. Maguire, ASHLAND; Ed Sullivan, CANTON; Peter Sellers, FRAMINGHAM; J. R. Greene, GUBERNATORIAL APPOINTEE; Charles Toomey, LEXINGTON; Bruce Kenerson, LYNNFIELD; Doran Crouse, MARLBOROUGH; Don Ouellette, MEDFORD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Jay Fink, QUINCY; Joseph Delaney, READING; Lawrence J. Barrett, STOUGHTON; Ralph Pecora, WALTHAM; Walter Woods, WELLESLEY; Tim Walsh, WESTWOOD.

Also present: John Carroll and Andrew Pappastergion, MWRA BOARD OF DIRECTORS; James Moran, Avril Elkort and Bob Burr, CANTON; Thomas Holder, FRAMINGHAM; Ana Singleton, STOUGHTON; Don McCabe, WALTHAM; Representative Bill Galvin; Bob Durand and Chuck Anastas, DURAND & ANASTAS ENVIRONMENTAL STRATEGIES, INC.; Matt Boger, UCANE; Fred Laskey, Michael Hornbrook, Ken Wissman, Laura Guadagno and Stephen Estes Smargiassi, MWRA STAFF; Joe Favaloro, Cornelia Potter, Ryan Ferrara, Tracy Wadsworth and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. WELCOME

Chairman Katherine Haynes Dunphy called the meeting to order at 11:43 a.m. Canton Selectmen Avril Elkort and Robert Burr were introduced. Ms. Elkort welcomed the Advisory Board to Canton and thanked members for their efforts on behalf of her constituents. Representative Bill Galvin brought good news from the Legislature. The Governor had eliminated Debt Service Assistance, but the Conference Committee's version of the budget, sent to his desk yesterday, includes \$10 million in Debt Service Assistance. MWRA also had its capital bond cap raised to \$5.8 billion. Additionally, language was included to form the Watershed Protection Trust with a five-member Board to oversee the MWRA Watershed. Watershed operations are managed by the Department of Conservation & Recreation (DCR).

Bob Durand of Durand & Anastas Environmental Strategies, Inc. gave an update on the Trust language. Representative Steve Brewer, who historically was opposed to a Trust or MOU, became the champion of the Trust language after he was convinced this was the right thing to do for the people of the Quabbin/Ware/Wachusett Watersheds. Over the long-term, it will allow better management of those watershed lands, which will be good for ratepayers in the MWRA communities because it means more accountability. John Carroll met with Rep. John Rogers, Chairman of the House Ways & Means Committee, and spoke with MWRA Caucus Chairman Robert DeLeo and Representative Anne M. Gobi, who represents communities around the Quabbin. Rep. Gobi circulated a letter to the legislators and as a result, the Trust language got through Conference Committee.

Now the goal is to ensure the Governor of the Commonwealth of Massachusetts signs the budget without vetoing the Trust language. To that end, Senators Charles Shannon and Steve Brewer are circulating a letter to the Legislature to send to the Governor to ask him not to veto that section.

Chairman Dunphy acknowledged this great accomplishment and thanked Durand and Anastas and MWRA and Advisory Board staff as well.

B. APPROVAL OF THE MINUTES FROM MAY 20, 2004

A Motion was made **TO APPROVE THE MINUTES FROM THE MAY 20, 2004 ADVISORY BOARD MEETING**. It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR

Joseph Favaloro, MWRA Advisory Board Executive Director, thanked Bob Durand and Chuck Anastas for their efforts to establish the Trust to better allow the protection of the watersheds.

D. PRESENTATION: FY04 IN REVIEW – Fred Laskey, MWRA Executive Director

Fred Laskey, MWRA Executive Director, stated the Board of Directors requires every June that he submit his accomplishments for the year as the Executive Director and also requires an evaluation of Michael Hornbrook as Chief Operating Officer. It has been a healthy and productive exercise to engage where we have done well, where we have done poorly and what we have to focus on in the next year.

Two accomplishments will be historically significant in the history of this great water and sewer system. The first is the start up of the new Integrated Water Supply System (IWSS) – a massive project in scope. It cost \$1.7 billion, the single biggest investment in the water supply system since the building of the Quabbin Reservoir.

In FY04, MWRA successfully started up major components of the IWSS, with the completion of the MetroWest Tunnel and two of the main storage tanks at Norumbega. The Authority also successfully completed the renovation of the Wachusett Aqueduct.

A “topping off” ceremony was held in May to signify taking the open Norumbega Reservoir offline, a major milestone in MWRA’s plan to meet the Safe Drinking Water Act. MWRA no longer has open reservoirs within its distribution system. Once the water enters the Cosgrove Tunnel in Clinton, it does not see the light of day until it comes out at the tap.

The Authority not only renovated the Wachusett Aqueduct, but ran the city through the winter months on the one-hundred year old, gravity-fed aqueduct. That aqueduct was rehabilitated and remains a critical part of MWRA’s back-up system in case of an emergency.

The Walnut Hill Water Treatment Plant is well under way. Testing is scheduled to begin sometime this fall. Ozone treatment will be used as WHWTP’s main disinfectant, thus greatly reducing reliance on chlorine.

In the past, MWRA had no oversight or say in how watersheds were managed. Now sitting on the Governor’s desk is language for not only a Trust, but also a Memorandum of

Understanding (MOU) that was negotiated between DCR, EOE and MWRA that clearly defines the roles of MWRA and DCR. Through the MOU, for the first time, it is clearly articulated in writing that MWRA is in charge of the water functions in the watersheds – in charge of the diversions, testing, algae treatment, invasive species and dam safety. Also, in the case of water borne emergency, MWRA would be in charge instead of MDC and that is a very important step forward. It also gives MWRA oversight into some of the budgeting functions within the DCR, something the Advisory Board has fought long and hard for.

Mr. Laskey stated the creation of the Trust is a major accomplishment. Many people deserve credit, including former Secretary Durand, MWRA and Advisory Board staff and the Legislative Caucus. The historical significance is a change in the dynamics that says MWRA deserves a place at the table in making critical decisions on how the watersheds are run.

The Braintree-Weymouth Project continues to drive forward. This is a major sewer project for the South Shore, with the longest (4,000 feet) directional drill of a 42-inch pipe ever done in the world.

As part of the lead requirement, MWRA went above and beyond the call of duty on the Consumer Confidence Report and included a special insertion on lead.

In a major milestone for Deer Island, MWRA received a gold award for its performance in 2003, which basically means the treatment plant had a flawless year. Scientific data for the outfall and plant show the plant is performing just as the scientists and engineers had predicted when MWRA received the operating permit.

As the water projects are coming online, the CSO Program is quickly becoming the Authority's main focus. Articles in the newspaper and rhetoric have basically undercut the facts on MWRA's CSO Program, which is well ahead of some 700 CSO communities nationwide.

A major step during the year was a victory in the Fort Point Channel Project. The Authority went to the Court with a project that cost less money, but provided a higher level of control.

The North Dorchester Bay Project is in the middle of the MEPA process. After almost ten years, in a three-year reassessment plan, MWRA believes it has a plan that can move forward. As part of an effort to resolve our commitment to the Court and to settle this case, MWRA is dealing with some stormwater in this project. A key provision is that this does not set a precedent that MWRA is in the stormwater business.

MWRA met its deadline in filing its Emergency Response Plan with the federal government. The Authority continues to make security upgrades, including grates, barriers and cameras.

The Authority continues to hold the line on its operating budget, which will be up for approval on Wednesday before the Board of Directors. The budget is less than MWRA spent in FY99 for actual operations of the Authority.

Capital spending is driving the rates. Almost 90% of the Authority's spending is driven by projects required by environmental regulators. While the required projects are good, at the

same time, MWRA has an obligation to maintain its current system. The pressure is huge. Major decisions are pending over the next year on CSOs.

The FY05 increase of 3.9% is driven by debt service. MWRA received good news that \$10 million in Debt Service Assistance for FY05 made it to the Governor's desk, which could translate to \$8 million for the Authority that would reduce the amount of the increase to approximately 1.9%.

At the Advisory Board's urging, MWRA is launching a Master Planning process for the next 20 to 50 years.

E. INTRODUCTORY COMMENTS – Laura Guadagno, MWRA Chief Financial Officer

Mr. Laskey acknowledged contributions made by Ken Wissman to the MWRA during his tenure as Treasurer and Chief Financial Officer. Chairman Dunphy added the Authority has always had large capital projects going underway and someone has had to make the decisions on when to take out the mortgages on those big projects. Ken Wissman is the person who has been doing it for the ratepayers. Chair Dunphy thanked Mr. Wissman and wished him a very happy retirement while presenting him with a Certificate of Appreciation.

Ken Wissman stated he always felt he had a fair hearing at the Advisory Board even if he did not always get what he came for, stating that he enjoyed working with the Advisory Board. Mr. Wissman stated ratepayers are in good hands with Laura Guadagno.

Laura Guadagno, MWRA's new Chief Financial Officer, stated she is very excited about working for the Authority and has had a very warm welcome from staff and a smooth transition. Ms. Guadagno looks forward to working with the Advisory Board as well.

F. COMMITTEE REPORTS

Executive Committee – Katherine Haynes Dunphy

❖ **LEGISLATIVE UPDATE/STATE BUDGET PROCESS**

Mr. Favaloro stated the greatest compliment is when someone duplicates you. The legislature just passed a Massport Advisory Board, which parallels word for word the Advisory Board of the MWRA.

In outlining summer activities, Mr. Favaloro noted the Advisory Board's Annual Field Trip (Deer Island) will be held on August 19.

As the twentieth year of the MWRA/Advisory Board draws near, MWRA is beginning to work on a five-year Special Report in the coming months. To complement that, the Advisory Board will embark on its own Special Report to look forward on what needs to be accomplished to move forward in a positive way.

Additionally, staff will be issuing its annual Water and Sewer Survey to communities to accumulate the data needed for the publication of the 2004 Water and Sewer Retail Rate Survey, one of the Advisory Board's most requested documents.

The creation of the Watershed Management Trust moves the funding for the water supply division out of the General Fund of the Commonwealth of Massachusetts into a Trust, which the MWRA will pay into. Through the MOU process a determination will be made what the needs for that division are in any given year, thus allowing the division to hire the people that need to be hired, to buy what needs to be bought and to manage the way it needs to be managed. It is a huge step forward in avoiding a filtration plant. The Trust legislation has a Sunset Provision through 2007.

The Trust will be administered by a five-member Board of Trustees, made up of a representative from the recreational associations in central-western Massachusetts, the Executive Director of the MWRA, the Secretary of the Executive Office of Environmental Affairs Ellen Roy Herzfelder (or her designee) and one member selected by the Senate President and one member selected by the Speaker of the House.

The Trust is a major step forward. Mr. Favaloro requested that communities reaffirm their support of this legislation through a letter to the Governor and Administration and Finance.

A Motion was **MADE TO REAFFIRM COMMUNITY SUPPORT FOR THE WATERSHED MANAGEMENT TRUST AND SUPPORT OF A LETTER TO THE GOVERNOR OF THE COMMONWEALTH OF MASSACHUSETTS AND ADMINISTRATION AND FINANCE IN SUPPORT OF THAT TRUST.** It was seconded and passed by unanimous vote.

Finance Committee – Bernie Cooper

❖ **STATUS: CIP/CEB REVIEW PROCESS**

Cornelia Potter stated for the capital budget, the Authority accepted \$24 million of the Advisory Board's non-planning related reductions, primarily for lower estimates for their proposed Interceptor Renewal Program and the Fort Point Channel CSO Program. However, a whole series of new cost estimates on a number of other projects, including an additional \$63 million for the CSO Program alone, increased total spending by a net of \$31 million.

The final CIP for the upcoming three years and the decade beyond stands at nearly \$4 billion for currently active projects. The Authority has removed projects that have been completed from its budget, including the Deer Island Wastewater Treatment Plant, which amount to another \$4 billion.

Of the \$4 billion in active projects, nearly half of that amount has been spent through last June and the newly revised total is nearly \$380 million more than the final budget one year ago. The Authority constantly stresses that other costs may enter the Capital Budget in future budget rounds.

The spending cap for FY05 is \$220 million. Priorities for the coming year are the start up of the Walnut Hill Water Treatment Plant, the Braintree-Weymouth Tunnel and the related Intermediate Pump Station.

In preparing the final capital budget, the Authority has updated and rescheduled spending on a number of projects during the five-year cap period. Now MWRA anticipates spending within this period to be nearly \$84 million less than they thought at the time of the proposed

Capital Budget. Those funds will go into the next five-year cap period, with increases and changes bringing FY09-13 up by another \$92 million. This means the average capital spending for this period has increased from \$150 million a year to \$170 million a year.

The key themes of the Advisory Board's review had to do with CSOs, stormwater, Master Planning and setting the next five-year cap. The Advisory Board continues to repeat its concern about the Authority having accepted responsibility for stormwater control on the North Dorchester Bay Project and want assurances that this will not establish a precedent for any other project. The Board of Directors, at its June 2 hearing on the budget, requested that statement in writing. The revised plan for the North Dorchester Bay Project includes \$22 million for stormwater control alone, which is nearly 10% of the revised contract estimate.

The Advisory Board has urged the MWRA to conduct a Master Planning process, virtually from its inception. This year, for the first time, the Authority has agreed to move ahead with the process and come up with a document within two years to help establish the cap for the next five-year period, FY09-13.

On the Current Expense Budget side, the Authority concurred with the Advisory Board's recommendations to reduce spending and increase non-rate revenue by \$11.25 million, \$3.5 million to be used to reduce rates for next year and the rest to be reserved in the rate stabilization reserve to ease the pace of rate increases in the future. Any debt service assistance received will be used to reduce community assessments for the year ahead. Top capital priorities for next year are the start up of the Walnut Hill Water Treatment Plant and the Braintree-Weymouth Project.

The Authority did reach the bottom line somewhat differently from the Advisory Board's recommendations. For Direct expenses, although MWRA agreed to \$2.7 million of the reductions the Advisory Board had advanced, there were a number of other increases and adjustments to the budget, which resulted in a net reduction of \$1 million for Direct Expenses. Indirect Expenses were reduced by a little over \$1.5 million, primarily related to adjustments to the Insurance Program. Reductions to Capital Financing expense made up the balance, accounting for 60% of the Current Expense Budget.

Operations Committee – Jay Fink

❖ **UPDATE: LEAD/COPPER EDUCATION PROGRAM**

Stephen Estes Smargiassi, Director – Planning, stated we are nearing the end of June and the Authority has a mandatory education program that it has worked with communities on over the last couple of months. There are four significant components of that. The largest component is getting the required lead education material to every ratepayer/consumer in the MWRA District. MWRA accomplished that task through the MWRA Water Quality Report.

The Authority suggested that communities let consumers know this report was coming through a notice in their water/sewer bill. MWRA will also be doing 30-second public service announcements on radio and television and has provided materials to the newspapers already. Additionally, the Authority is working on a longer piece that could be aired on local cable stations.

In early May, the Authority sent a memo and brochures to communities to be distributed to sensitive users that should be provided with this information. Communities should document their efforts in distributing this information to schools, day care providers and doctors before the end of June. There is a reasonable probability that DEP will request this documentation.

The message the MWRA provided is simple – there is no lead in the water at Reservoirs, MWRA pipes or community pipes. The lead comes from the consumer’s home plumbing and the Authority simply urges the consumer to take the simple step of running the water after it has sat stagnant for a while. Fresh water from the main has no lead. Some people might have lead if they have brass fixtures that contain lead in their house.

The ten communities that have to do Lead Service Replacement Programs are required to submit those programs to DEP by the end of June. If not, your community will be in violation.

Ryan Ferrara added the Authority’s website contains useful information regarding lead. Communities should refer people to the MWRA website as well.

G. QUESTIONS AND COMMENTS

H. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:09 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary