



**MWRA Advisory Board Summary
of the
MWRA Board of Director's Meeting
Wednesday, March 11, 2009**

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on March 11, 2009 at the Chelsea Maintenance Facility. **Present:** Chair Ian Bowles, Joel Barrera and Michael Gove, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering, Kevin Cotter and James Hunt III, City of Boston Representatives; Joseph MacRitchie, City of Quincy Representative. **Absent:** Marie Turner, Town of Winthrop Representative.

REPORT OF THE CHAIR

Ian Bowles, Chairman of the MWRA Board of Directors, stated that the focus on stimulus funds remains high; only a limited amount of federal guidance has been available. The state believes that the stimulus funds will be distributed through the State Revolving Fund, which will need legislation.

Chairman Bowles acknowledged David Cash, Assistant Secretary for Policy, who has worked closely with Michael Hornbrook, MWRA Chief Operating Officer, relative to smart growth.

REPORT OF THE EXECUTIVE DIRECTOR

Fred Laskey, Executive Director of the MWRA, introduced Michael Morris, MWRA's new Director of Public Affairs.

Mr. Laskey informed the Board that an upcoming project at the Carroll Water Treatment Plant will require that the plant be brought down at night. Staff will bring the tanks to capacity each evening. Mr. Laskey brought this to the Board's attention because whenever the plant is taken offline, staff runs the risk that there may be a problem in restarting it.

The Town of Framingham is looking to develop an old well field, which would decrease Framingham's reliance on the MWRA by 4.3 million gallons of water per day.

The Authority has received the Town of Wilmington's application for admission to the MWRA Waterworks System. The process is moving forward; however, Wilmington still needs approval from the Advisory Board, MWRA, the Legislature and the Governor.

Further, the Authority's Annual Rate Hearing will be held at Boston City Hall on April 7 at 6:30 p.m.

APPROVALS

PARTICIPATION IN THE NEW ENGLAND POWER POOL

The Board voted that the Massachusetts Water Resources Authority shall apply to become a Participant in the New England Power Pool under the New England Power Pool Agreement, dated as of September 1, 1971, as amended (the "Agreement") and that the Executive Director is authorized to execute the application and a counterpart of the Agreement on behalf of the Massachusetts Water Resources Authority and to cause the Massachusetts Water Resources Authority to perform its obligations under the Agreement upon the effectiveness of its membership; and further that the Authority shall apply to ISO-New England to become a participant in its Forward Capacity Market Program and that the Executive Director is further authorized to

execute and submit all additional documentation and financial information, including a Market Participant Service Agreement, necessary to qualify the Authority to participate in the Forward Capacity Market.

In September 2008, staff informed Board members of a proposal by NStar whereby NStar and MWRA would participate in providing excess electric generating capacity over the cross harbor cable, a facility owned by NStar affiliate Harbor Electric Energy Corporation (HEEC), to the grid from the Deer Island facility through the Forward Capacity Market (FCM). The FCM is a forward procurement, auction-based locational capacity market that is intended to procure enough capacity to meet New England's forecasted demand and reserve requirements three to five years into the future. The FCM was developed per a mandate by the Federal Energy Regulatory Commission, by ISO-New England, Inc. (ISO) and the New England Power Pool (NEPOOL). The FCM provides compensation to capacity resources to be available to meet forecasted demand and implements a pay-for-performance approach for providing capacity during a shortage event. Preliminarily, in order to participate in the FCM, the MWRA must become a member of NEPOOL. MWRA's maximum generating capacity is 52 MW, which will provide MWRA with an additional revenue source.

In an effort to maximize revenues for the Authority, MWRA staff is attempting to accelerate the timeframe in which the Authority can attain the status of a Participant in the FCM. To that end, the submission of application papers to NEPOOL and ISO includes the following: by April 6, 2009, in order that MWRA may pursue participation in the ISO-New England Forward Capacity Market for the next auction period, staff will be required to submit to the ISO organization, for its review and approval, an ISO membership application and financial information. On April 13, 2009, ISO will formally consider the MWRA application and notify MWRA whether its application materials have been "pre-approved". Thereafter, by May 1, 2009, MWRA must submit to ISO a Market Participant Services Agreement, a NEPOOL membership application, an executed NEPOOL Membership Agreement and other documentation, which will be further reviewed by the ISO organization. By May 27, 2009, assuming MWRA's application papers are in order, MWRA will gain the status of a Participant of NEPOOL and ISO-New England, entitling the Authority to pursue participation in the FCM Program.

There is an initial, non-refundable application fee of \$5,000 and an annual fee (up to an additional \$14,000) based on certain market sector criteria provided for in the Agreement. Should efforts at participation in the FCM not come to fruition, MWRA may terminate its membership without incurring a penalty or without incurring any further costs. NEPOOL membership does not affect in any way the manner in which MWRA obtains or pays for its supply of electrical power to Deer Island or to any other Authority facility.

A final and important step in the FCM process will be the negotiation of an Interconnection Agreement among ISO-New England, MWRA and HEEC, the owner of the cross harbor cable, to express the terms of the business deal between MWRA and HEEC as to the manner in which revenues and costs will be shared with respect to the export of electricity from Deer Island over HEEC's cable to the grid. The deadline for that Agreement to be negotiated is early to mid-June 2009.

Since the last Board briefing, the parties have met and MWRA has made a counterproposal to NStar. Counsel for MWRA and NStar have also conferred regarding the parties' respective legal positions. Both parties' initial proposals have been deemed unacceptable by the other. Following the last conference, MWRA staff asked NStar to submit its best and final offer for consideration; at this time, NStar has not yet submitted a further offer. The negotiations to date have left the parties far apart on a mutually acceptable business deal relative to allocation of costs, revenues and risks of participation in the FCM. It is not expected that NStar's next offer will significantly bridge this gap. If a negotiated resolution cannot be reached, MWRA retains the option of considering administrative proceedings before either the DPU or FERC through which MWRA might obtain a regulatory determination that the cross harbor cable is a facility subject to open access rules of either the DPU or FERC. Such a ruling would enable MWRA to use the cross harbor cable to participate in the FCM, with a minimal fee to NStar. The option of a regulatory proceeding would be fairly expensive to pursue with an initial estimate in the \$250,000 to \$300,000 range; however, given the potential for a significant revenue stream for the MWRA in future years, this option may be both necessary and advisable.

There are sufficient funds available in the FY09 CEB to pay the \$5,000 membership fee and other Participant Expenses up to an additional \$15,000.

Board Member Joel Barrera asked if any legislative remedies are being considered. MWRA General Counsel Steven Remsberg said legislative remedies have not been considered; staff doesn't think there is a statutory impediment at this point.

Board Member James Hunt asked if it would set any precedent on discussions on smart growth issues. Mr. Remsberg said smart grid issues would be in the MWRA's favor.

Board Member Michael Gove asked if there would be any penalties for the MWRA. Mr. Vetere said if the Authority can't generate the amount of energy it said it would over a five-hour period, it could face a penalty of 5% of annual capacity being removed; however, staff believes the Authority will be able to generate the amounts it projects.

Board Member Vincent Mannering asked what financial obligations could arise. Mr. Remsberg said if we are a publicly owned entity that affects the status under which we apply. There is a \$5,000 annual membership fee and, based on discussions with NEPOOL counsel, currently, up to \$14,000 in expenses annually.

MWRA Advisory Board Executive Director Joseph Favaloro stated that when staff comes up with ideas to reduce costs, that is a good thing. When I hear "cross harbor cable", that worries me. Moving or deepening that cable will cost tens of millions of dollars. Are we positive any actions you take today won't weaken our position on who is responsible for the costs if or when the cable has to be moved? Mr. Favaloro urged the Board to consider this matter and its impacts in their discussions.

Discussion on this topic was moved to Executive Session.

FINAL CSO ANNUAL PROGRESS REPORT 2008

The Board voted to authorize staff to submit the *Combined Sewer Overflow (CSO) Annual Progress Report 2008* to the Federal District Court by March 16, 2009, in compliance with Schedule Seven of the Boston Harbor Case.

CSO spending in 2008 brought total MWRA capital expenditures on the CSO control plan to \$575.2 million of the total \$927.3 million CSO budget in the Proposed FY10 CIP. Average annual volume of CSO discharge has been reduced from 3.3 billion gallons in 1988 to 605 million gallons in 2008, an 82% reduction, with 73% of the current discharge volume receiving treatment at MWRA's four CSO facilities. Twenty-seven of the 84 CSO outfalls addressed in the long-term plan have been closed; nine more are scheduled to be closed with completion of the remaining work.

MWRA spent \$128.1 million on CSO design and construction in calendar year 2008, \$55.2 million more than it spent in 2007, which had previously been the record spending year for CSO control. Of the \$128.1 million spent in 2008, \$123.0 million (96%) was for construction related activities, with \$90.0 million of that associated with ongoing construction of the North Dorchester Bay CSO Storage Tunnel in South Boston.

Mr. Barrera asked if the Cambridge payment issue had been settled. Michael Hornbrook responded that the issue has been resolved and finalized in an MOU Agreement. The MWRA's share is \$60 million of the \$117 million total cost.

Board Member Jay MacRitchie asked if a total of 36 of the 84 CSO outfalls will be closed. MWRA Senior Program Manager David Kubiak said the MWRA will have 48 remaining outfalls, four associated with treatment; the rest will have seven activations or less per year. The Authority will achieve greater than 98% compliance with water quality standards.

MARCH PCR AMENDMENTS – FY09

The Board voted to approve an amendment to the Position Control Register (PCR) that reflects organizational changes aimed at improving the cost-effectiveness, structural soundness and staffing pattern of the Tele-Inspection Unit.

This amendment is a title and grade change, which results in an upgrade of one grade and an annualized budget impact of \$2,328. Staff will ensure that the cost increase associated with this PCR amendment will not result in spending over the approved FY09 Wages and Salaries budget.

APPOINTMENT OF PROGRAM MANAGER, SCADA ENGINEERING, FIELD OPERATIONS

The Board voted to approve the Executive Director's recommendation to appoint Augustin A. Serino to the position of Program Manager, SCADA Engineering in the Field Operations Department (Unit 9, Grade 29) at an annual salary of \$89,963, effective March 14, 2009.

This new position will manage the SCADA engineering group for the eastern water system and the greatly expanded wastewater system. This role is critical for managing and optimizing the ongoing reliability of MWRA facilities that depend on the SCADA system, its PLC controllers, the "human-machine" operator interfaces, the network communication loops and the associated security measures.

Mr. Serino has a total of nine years of experience working as a SCADA engineer on water and wastewater facilities. He began his employment at MWRA in 2004 and has excelled at managing the SCADA start-up and subsequent SCADA enhancements that were implemented at the John J. Carroll Water Treatment Plant; he played a central role in the success of the rapid expansion of the Wastewater SCADA system.

There are sufficient funds in the FY09 CEB for this position. The promotional increase is consistent with the Unit 9 collective bargaining agreement.

EXTENSION OF EMPLOYMENT CONTRACT, ADMINISTRATIVE ASSISTANT, CLINTON

The Board voted to approve the extension of the employment contract for Ms. Jane Densmore, Administrative Assistant, Operations Division (Clinton), for four and one-half months, from March 11, 2009 to June 30, 2009 at the current rate of \$21.00/hour.

Since March 2008, Ms. Densmore has provided part-time administrative support and assistance to the Superintendent of the Clinton Wastewater Treatment Plant. The plant has a continuing need for such assistance. The need for further continuation of this contract will be reevaluated before the end of the current fiscal year.

Funds for this position will be absorbed in the Operations Division's FY09 CEB.

REVIEW OF AUTHORITY'S NON-UNION SALARY CONTINUATION BENEFITS

Pursuant to a written procedure, the Board appointed the current members of the Personnel Committee (the "Committee") to: (i) undertake a review of the Authority's current non-union salary continuation benefit plan offered to those employees with short-term disabilities in comparison to the current sick leave bank benefit offered to union employees with short-term disabilities; (ii) appoint the Executive Director to head a fact-finding panel of MWRA staff of his choosing to assist the Committee in its review and to provide the Committee with a report of its findings, without recommendations; and (iii) make such recommendations to the full Board regarding changes to the non-union benefit, if any, as it deems appropriate.

Since approximately October 2008, staff have been in discussions with the Executive Office of Energy and Environmental Affairs and with staff of the State Ethics Commission in order to assure that all "appointing authorities" of MWRA staff who are involved with the review of the Authority's Non-Union Salary Continuation Benefits make the appropriate "determinations" that staff may participate in the review process and that all appointed staff make all appropriate disclosures of their potential financial interest in the current or revised benefit, all as required by the provisions of section 6(a)(3) of G.L. c. 268A.

The procedure provided to the MWRA Board of Directors complies with the requirements of the disclosure statute and contemplates that the Board will first appoint the Personnel Committee to undertake a review of the two short-term disability benefits plans and make any recommendations to the full Board for revisions to the non-union plan as it deems appropriate. The fact-finding panel of MWRA staff, headed by the Executive Director, will submit a report back to the Personnel Committee highlighting the differences in the two benefit plans and providing any other information that the Committee will find helpful to its review. The panel will not make any recommendations to the Committee.

CONTRACT AWARDS

RESIDUALS PROCESSING FACILITY CONDITION ASSESSMENT: AECOM USA, INC., CONTRACT 7147

The Board voted to approve the recommendation of the Consultant Selection Committee to select AECOM USA, Inc. to perform a condition assessment of the Residuals Processing Facility and to authorize the Executive Director, on behalf of the Authority, to execute a contract with AECOM USA, Inc. in the amount of \$459,771 for a term of 270 calendar days from the Notice to Proceed.

The Residuals Processing Facility (Pellet Plant) in Quincy is owned by MWRA but is operated and maintained under contract by the New England Fertilizer Company (NEFCo). Approximately two-thirds of the equipment has been in service for almost 20 years. The current NEFCo contract was awarded in 2001 and expires in December 2015. The contract terms require NEFCo to maintain the facility such that it is in an operational-ready mode 24/7 and, at the end of the contract term, NEFCo must leave the facility in "a condition capable of meeting the contract Performance Standards."

Although there are still approximately seven years remaining in the current contract and it is NEFCo's responsibility to maintain the facility, MWRA staff are of the opinion that it is MWRA's responsibility to ensure that the plant will continue to operate safely and reliably at all times and MWRA's ability to process treated sludge continues through contract completion and beyond. Contract 7147 is the first-step in a multi-step process to address long-term residuals planning for the period beyond 2015, as discussed in the Wastewater Master Plan.

MWRA Deputy Director of Operations Dan O'Brien stated that a second study will be initiated this summer to look at new emerging technologies and regulatory trends.

Mr. Hunt said it would be helpful for the Board to have a full look at what options may be considered such as waste to energy, incineration, etc.

Mr. MacRitchie said he would like to see a statement that incineration would not be considered. Mr. Laskey said that if it was the will of the Board, the Authority would not pursue incineration.

TECHNICAL ASSISTANCE CONSULTANT SERVICES, HAZARDOUS MATERIALS: GEOSPHERE ENVIRONMENTAL MANAGEMENT, INC., CONTRACT 589TA AND ENVIROSENSE, INC., CONTRACT 590TA

The Board voted to approve the recommendation of the Consultant Selection Committee to select Geosphere Environmental Management, Inc. and EnviroSense, Inc. to provide Technical Assistance Consulting Services for hazardous materials assessment and abatement and to authorize the Executive Director, on behalf of the Authority, to execute Contract 589TA with Geosphere Environmental Management, Inc. and Contract 590TA with EnviroSense, Inc., each in an amount not to exceed \$450,000 for a term of three years and authorize a Notice to Proceed for the first year of each contract in an amount not to exceed \$150,000. Further, to authorize the Executive Director to approve separate Notices to Proceed, if recommended by staff, to commence the second and third year terms of each contract for the same yearly not-to-exceed amounts.

The purpose of these technical assistance contracts is to make available, on an as-needed, task order basis, hazardous materials assessment and abatement services for small, unanticipated or emergency projects.

Some examples of the type of work that is likely to be addressed under these contracts include: preparation and implementation of spill prevention plans required at certain MWRA facilities under the Clean Water Act; management of hazardous materials clean-up work by Licensed Site Professionals; support of MWRA staff as they plan, design and construct new or rehabilitated infrastructure; response actions in accordance with the Massachusetts Contingency Plan; and ground water monitoring.

The FY09 Capital Improvement Program contains \$900,000 for Hazardous Materials Services; therefore, adequate funds are available for these contracts.

CONTRACT AMENDMENTS/ CHANGE ORDERS

REHABILITATION OF WATER PUMPING STATIONS: BARLETTA ENGINEERING CORP., CONTRACT 6375, CHANGE ORDER 18

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 18 to increase the amount of Contract No. 6375 with Barletta Engineering Corp., Rehabilitation of Water Pumping Stations, in an amount not to exceed \$822,379.24. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 6375 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days, in accordance with the Management Policies of the Board of Directors.

Under Contract 6375, five MWRA water pumping stations are being rehabilitated [Belmont (1936), Brattle Court (1907), Hyde Park (1913), Reservoir Road (1936) and Spring Street (1960)] to provide an adequate, reliable water supply for the next 30 years. These five pumping stations replenish the volume of water in various MWRA storage tanks that supply water to all or portions of Arlington, Belmont, Boston, Brookline, Canton, Lexington, Milton, Norwood, Stoughton, Waltham, Watertown and Winchester. The need for rehabilitation of these pumping stations was identified as a result of a detailed condition survey performed in 1995 by Fay, Spofford & Thorndike, Inc.

Change Order 18 consists of the following eleven items: 1) Painting interior piping, pumps and other items; 2) Painting entire exterior soffits and exterior wood trim around windows; 3) Compensation for premium time at Spring Street Pump Station; 4) Engine generator-related work at Hyde Park and Spring Street Pump Stations; 5) Performance of pressure testing on new discharge piping lines at all five pump stations; 6) Furnishing and installing restraints on all flanged coupling adapters; 7) Replacement and relocation of Verizon communication cable at Hyde Park; 8) Additional coupling and piping work at Hyde Park Pump Station; 9) Controller (PLC) and SCADA work at all five pump stations; 10) Furnishing and installing two 24-inch ductile iron pipe base supports at the Hyde Park Pump Station; 11) Furnishing and installing additional accessories on the engine generators at Hyde Park and Spring Street Stations.

Staff are compiling a list of all change order items that have resulted from an error or omission on the part of the Design Consultant, Black & Veatch, and are notifying Black & Veatch, in writing, of the current status of these findings and of MWRA's intention to seek appropriate cost recovery.

The cumulative total value of all change orders to this contract is \$3,456,853.75 or 19% of the original contract amount of \$18,157,000.00. The adjusted contract amount is \$21,613,853.75, or \$1,446,853.75 over budget. This amount will be covered within the five-year CIP spending cap. Work on this contract is approximately 72% complete.

REHABILITATION OF WATER PUMP STATIONS 2: BLACK & VEATCH, INC., CONTRACT 6980, AMENDMENT 4

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 4 to increase the amount of Contract No. 6980 with Black & Veatch, Inc., Rehabilitation of Water Pumping Stations 2, in an amount not to exceed \$496,000 and to extend the time for completion by 240 calendar days to June 4, 2011.

Amendment 4 will extend the contract duration and increase funding to allow the Consultant to continue to provide construction administration and resident engineering services through completion of construction. During design, the proposed construction contract duration was extended 150 days to allow for mechanical and SCADA testing and start up. Further, the Notice to Proceed date for the construction contract was also delayed by 90 days because of time extensions that were required during the bidding process to receive filed sub-bids and general bids; therefore, it is necessary to extend Black & Veatch's contract term to continue to provide construction-phase services during the extended construction period of 240 days.

The cumulative value of all amendments to this contract is \$697,800.00, added to the original contract amount of \$3,898,384.91, for an adjusted contract amount of \$4,596,184.91, or \$3,815.09 under the FY09 CIP budgeted amount of \$4,600,000.00.

MODIFICATIONS TO EXISTING WATERWORKS FACILITIES: EARTH TECH, INC., CONTRACT 6951, AMENDMENT 1

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment No. 1 to increase the amount of Contract No. 6951 with Earth Tech, Inc., Modifications to Existing Waterworks Facilities, in an amount not to exceed \$249,554 and to extend the time for completion by 39 months to March 31, 2012; and further, to approve the name change of the consultant from Earth Tech, Inc. to AECOM Technical Services, Inc.

Because the design for the John J. Carroll Water Treatment Plant (CWTP) included no provisions for maintenance shops or spare parts storage areas, the Board approved the award of Contract 6951 to Earth Tech, Inc. on April 13, 2005, to provide planning, design, engineering services during construction (ESDC) and resident inspection (RI) services to develop facilities that are no longer needed (Interim Corrosion Control Facility/Cosgrove Disinfection Facility) to optimize their use and to best accommodate the maintenance and storage needs of the new plant, as well as other Western Operations' facilities. Although not directly required for treating or moving water, the modifications to these facilities will enable Western Operations to relocate plumbers, electricians, maintenance and operations staff to the Interim Corrosion Control Facility so they can more efficiently maintain the CWTP. By relocating these staff from Southborough to Marlborough, it will also make the Southborough trade shop operation more efficient. A Draft Conceptual Design Report to achieve these goals was submitted on November 22, 2005 and a Final Report on January 31, 2006.

These reports generated much discussion in the following months as staff evaluated additional agency-wide space and storage needs, such as long-term records storage, back-up computer capabilities, waste oil storage, additional MWRA warehousing space, and additional covered storage space at the CWTP. Recently it was determined that it was in MWRA's best interest to construct a new facility at a centralized location near the rear entrance to the CWTP; this facility will meet additional required MWRA central warehousing needs, as well as provide a permanent location for MWRA's Records Center. Design will be completed under a separate contract; construction is estimated to cost \$2.36 million. Amendment 1 addresses the budget impacts of the proposed scope changes for the design phase only. Staff will need to separately evaluate the adequacy of funds for ESDC and RI when the design is complete and the actual construction duration is determined.

The new design will result in the deletion of certain items that were included in Earth Tech's original scope of services under Contract 6951. Earth Tech was acquired by AECOM, USA, Inc. and will now operate under the name, AECOM Technical Services, Inc.

The FY09 CIP includes a budget of \$1,876,000 for Contract 6951. Including this Amendment for \$249,554, the adjusted sub-phase total will be \$1,622,611.

INFORMATION

DELEGATED AUTHORITY REPORT – FEBRUARY

Staff provided the Board with a list of delegated authority actions over \$25,000 for the period February 1 through February 28, 2009.

PRELIMINARY FY09 FINANCIAL UPDATE AS OF FEBRUARY 2009

MWRA Chief Financial Officer Rachel Madden provided the Board with a preliminary FY09 financial update. Through February 2009, total revenue was \$444.8 million, \$1.7 million or 0.4% more than the amended budget. Total expenses were \$425.0 million, \$12.2 million or 2.8% less than the amended budget.

The excess revenue to expenses is principally the result of lower debt service expense, the postponement of the optional Pension Fund deposit and higher other revenue.

There is the possibility that Debt Service Assistance will not be included in the State Budget for FY10 and FY11.

Mr. Laskey noted that the Authority will likely need to make up another \$7 million for next year because it is unlikely that Debt Service Assistance (DSA) will be included in the State Budget. Staff assumes that DSA will not be there for FY11 as well.

Mr. Mannering noted that Investment Income is over \$10 million; where is the MWRA getting it? Budget Director Kathy Soni said that interest earnings are partially offset by lower fund balances. Mr. Mannering asked what staff projected it would get in Investment Income. Ms. Soni stated that staff budgeted 2.0%, while year-to-date income reflects an interest rate of 2.5%; however, short-term rates are now down to 1.34%. Staff anticipate receipts will be at budget or under budget by the end of the year.

Mr. Barrera asked where the bond market is for potential refunding opportunities. Ms. Madden stated that the last transaction maximized all of the Authority's currently callable bonds for savings; no refunding opportunities are foreseen in the immediate future. Staff continues to see favorable variable rates, which staff will continue to closely monitor.

Ms. Madden added that the current projections for FY11 include about \$36 million in rate stabilization and bond redemption funds; however, usage of these funds at that level may not be feasible and will need to be revisited as part of the FY11 process.

Mr. Hunt said the utilities side is showing significant savings; with heavier precipitation, will staff be expecting higher usage at the Deer Island Wastewater Treatment Plant (DIWTP) this spring? John Vetere, Director of the DIWTP, stated that the budget includes the assumption of wet spring weather.

DEP PROPOSAL FOR MWRA WATER METER GRANT PROGRAM

MWRA staff and staff from the Massachusetts Department of Environmental Protection (DEP) have been in preliminary discussions regarding a potential \$10 million grant from the green infrastructure portion of the federal stimulus act for Drinking Water SRF to fund local water meter and/or remote auto read metering equipment projects for member water communities. The intent of the project is to promote water conservation through more accurate and timely water billings to retail customers. DEP has indicated two preliminary requirements: 1) to be eligible for this grant, equipment may have to be purchased or installation/construction initiated in an approximate six-month timeframe; 2) communities receiving grant funds must currently have in place or agree to move to a bi-monthly (once every two months) or more frequent retail water billing cycle. Staff's intent is to fund eligible projects for member water communities in proportional share to wholesale water charges. Grant funds that could have been allocated to non-participating communities will be redistributed to participating communities to maximize the use of the stimulus grant.

Board Member Joseph Foti asked if the \$10 million is strictly for MWRA communities; did DEP mention if there will there be funds available for other communities? The funding of \$10 million is not a lot of money when spread out across all of the communities. Mr. Hornbrook stated that the \$10 million is for MWRA communities.

Mr. MacRitchie noted that it might be better to target large industrial meters because it would save communities money. Unless it generates more money to communities, it may not be an attractive offer for them to have to borrow additional funds to add to the grant funds to complete their projects.

Board Member John Carroll stated that it is not fair to communities that already did the work and is rewarding those that put the work off.

Mr. Mannering agreed that towns will be getting money to do something they should have already done.

Mr. Laskey added that the Authority will seek input from the Advisory Board's Operations Committee.

Board Member Andrew Pappastergion asked if there is a catch: Why is DEP being so generous?

OTHER BUSINESS

MWRA WATER SYSTEM EXPANSION

The Board voted to authorize the Executive Director and staff to prepare, in conjunction with Executive Office of Energy and Environmental Affairs Staff, additional detail concerning proposed streamlined water system expansion permitting and smart growth criteria for the Board of Directors' consideration. The Board further directed staff to prepare an outline of a Memorandum of Understanding (MOU) between the Authority and regulatory agencies.

As a result of declining water use and successful conservation efforts within the existing MWRA service area, MWRA is well positioned to serve additional communities with demonstrated water need. In 2008, MWRA water system demand was more than 100 million gallons a day less than demand in 1984, when the Inter-Basin Transfer Act was enacted.

Discussion related to the expansion of MWRA's water supply system has centered on the Authority providing 12 MGD to communities not currently served by MWRA, conditioned upon new communities satisfying certain requirements and subject to regulatory approvals under an expedited approval process. Discussions also include the matching of the 12 MGD with a downstream release plan to further increase current minimum releases downstream of Quabbin and Wachusett, except during periods of drought and subject to MWRA's operations/engineering constraints. The discussions have also addressed inclusion of requiring receiving communities to meet Smart Growth criteria as a pre-condition of receiving MWRA's water.

Chairman Bowles stated that EOEEA believes that system expansion, and streamlining the process, should be tied to smart growth for the environmental benefit.

Mr. Hornbrook added that it is a global issue. Prerequisites of the issue is that staff found 12 MGD for additional capacity and will also be doing downstream releases, gallon for gallon.

Mr. Hunt asked who the applicant before the state is; is MWRA stepping into the shoes of the communities as the applicant or are the communities jointly filing? Pam Heidell said if the MWRA were the applicant, there would be one Environmental Impact Report for the donor basin.

Kathy Baskin of EOEEA added that a similar project came through the Water Resources Commission before; towns filed a notice of project change, but Aquarion Water filed the project for all the towns.

UPON CLOSING EXECUTIVE SESSION, THE BOARD RECONVENED IN OPEN SESSION TO TAKE UP THE FOLLOWING:

NORTH DORCHESTER BAY CSO FACILITIES: FAY, SPOFFORD & THORNDIKE, LLC, CONTRACT 7013, AMENDMENT 4 AUTHORIZATION

The Board voted, with Messrs. Carroll, Pappastergion and Foti opposed, to delegate authority to the Executive Director to proceed with and execute Amendment No. 4 to Contract 7013, North Dorchester Bay CSO Facilities, with Fay, Spofford & Thorndike, LLC for the design of an underground odor control facility.

This summary does not include every item discussed by the Board, nor the full extent of the discussions. Please contact Christine Hevelone-Byler at the Advisory Board office with questions, comments or requests for more information.