



**MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, November 18, 2009**

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on November 18, 2009 at the Charlestown Navy Yard. **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; Jack Walsh, 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 he has spent a lot of time working on the state budget and that the Executive Office of Energy and Environmental Affairs (EOEEA) is down 20% in funding. He stated that the Governor is on his fourth round of 9C budget cuts and the end is not yet in sight, the picture of FY11 is expected to be worse. He noted that EEA has been holding hearings around the state seeking input on consolidation techniques and efficiencies. He noted that there has been a controversy and press coverage around the project in Framingham, where the town is pursuing the use of its local source in hopes of reducing its dependence on the MWRA.

Chairman Bowles stated that the windmills are turning at Deer Island. He said it is a great symbol for people flying in and out of Logan Airport. He thanked the staff for their hard work.

REPORT OF THE EXECUTIVE DIRECTOR

MWRA Executive Director Fred Laskey reported that Lawrence Susskind of the Consensus Building Institute was in the process of scheduling interviews with individuals as a preliminary step to the facilitated discussion of system expansion. The tentative timeframe for the meeting will be in early January at Deer Island.

Mr. Laskey noted that the Town of Holbrook has expressed interest in joining the water system.

He noted that it is time again for the MWRA's Five-Year Report, which will include a panel of experts who were involved at the beginning of the MWRA; next year marks the 25th anniversary of the Authority. The Advisory Board has to approve the selected panel.

Mr. Laskey noted that communities are updating their Rapid Response Plans, and that ethics training would occur for all employees and Board Members.

APPROVALS

APPROVAL OF FIFTY-SEVENTH SUPPLEMENTAL BOND RESOLUTION

The Board voted to adopt the fifty-seventh Supplemental Resolution authorizing the issuance of up to \$100,000,000 of Massachusetts Water Resources Authority Subordinated General Revenue Bonds (2009 Series D), and the supporting issuance resolution.

In the coming months, the Massachusetts Water Pollution Abatement Trust (MWPAT) anticipates issuing bonds for the purpose of providing subsidized financing for water and wastewater capital projects to Massachusetts governmental entities. In addition to the new indebtedness, this transaction will also include the distribution of funds available under the American Recovery and Reinvestment Act of 2009 (ARRA).

Under the current anticipated ARRA distribution plan, MWRA is slated to receive approximately \$30.8 million in clean and drinking water funds. Since the ARRA funding is in the form of principal forgiveness loans, MWRA will realize debt service savings of approximately \$39.6 million over the life of the loans versus a traditional MWPAT issuance. MWPAT loans with a 20-year maturity have a fixed interest rate of 2% and those with a 30-year maturity have a fixed interest rate of approximately 2.4%.

MWRA may utilize MWPAT's interim financing to ensure its ability to access all available funds. MWRA has utilized these interim loans in the past. There are sufficient funds available in the FY10 CEB to pay the debt service costs associated with these borrowings.

CONTRACT AWARDS

ARBITRAGE COMPLIANCE PROFESSIONAL SERVICES: CONTRACT F208, AMERICAN MUNICIPAL TAX-EXEMPT COMPLIANCE CORPORATION

The Board voted to approve the recommendation of the Consultant Selection Committee to select American Municipal Tax-Exempt Compliance Corporation to provide Arbitrage Rebate Calculation Services in connection with the Authority's multi-billion dollar capital program and to authorize the Executive Director, on behalf of the Authority, to execute Contract F208 with American Municipal Tax-Exempt Compliance Corporation in an amount not to exceed \$166,000 for a term of three years from December 1, 2009 to November 30, 2012.

The Authority issues tax-exempt revenue bonds to finance the cost of construction of the waterworks and sewer systems facilities. The Authority also issues tax exempt bonds to refund outstanding debt for economic benefit. As an issuer of tax-exempt debt, the Authority is required to comply with arbitrage rebate regulations promulgated by the Internal Revenue Service (IRS) in order to maintain the tax-exempt status of its bonds while they are outstanding.

A number of firms have evolved to provide arbitrage rebate calculation services. The selection committee evaluated and ranked proposals during the procurement process. AMTEC was first ranked based on several factors and references were all extremely favorable.

There are sufficient funds in the FY10 CEB to pay for the work under this contract.

WORKERS' COMPENSATION CLAIM ADMINISTRATION SERVICES: CONTRACT A538, CANNON, COCHRAN MANAGEMENT SERVICES, INC.

The Board voted to approve the award of Contract A538 for the provision of Workers' Compensation Claims Administration Services to Cannon, Cochran Management Services, Inc. (CCMSI), and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the amount of \$170,750 for a period of three years, and approve a Notice to Proceed for the period January 1, 2010 through December 31, 2010 (Year One) in the amount of \$55,000. Further, to authorize the Executive Director to approve additional one-year Notices to Proceed for Year Two (through December 31, 2011) in the amount of \$57,250 and for Year Three (through December 31, 2012) in the amount of \$58,500.

As a self-insurer for Workers Compensation, the MWRA utilizes a third party administrator to provide a range of administrative and support services including claims processing, loss prevention reviews and recommendations, and maintenance of a database of claims history among other things.

Only one firm, CCMSI, submitted a proposal, although staff made attempts to contact other firms. CCMSI's proposal reflected an effective approach to management and control of costs associated with claims. The Selection Committee determined CCMSI was qualified to provide the services. CCMSI is the current third party administrator for the MWRA and has been providing claims administration services to the MWRA since January 1, 1998.

The FY10 budget includes sufficient funds for Workers' Compensation claims administration. Costs of indemnity, medical and expense payments to claimants are not included in this amount. Funds for the remainder of the contract, if authorized, will be included in future year CEB requests.

PREFERRED SERVICE AGREEMENT FOR THE COMBUSTION TURBINE GENERATORS AT THE DEER ISLAND TREATMENT PLANT: PRATT & WHITNEY POWER SYSTEMS, INC.

The Board voted to approve the award of a sole-source Preferred Service Agreement to provide as-needed technical support, field services, emergency repair and replacement parts for the combustion turbine generators at the Deer Island Treatment Plant with the original equipment manufacturer, Pratt & Whitney Power Systems, Inc., for an amount not to exceed \$220,000 for a period of one year and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said agreement.

MWRA utilizes two 26-megawatt Pratt & Whitney FT-8 Power Pac combustion turbine generators (CTGs) as the chief component of Deer Island's emergency back-up power generation. Periodic maintenance is necessary to ensure that the CTGs operate reliably and efficiently. One component of MWRA's maintenance strategy is the Preferred Service Agreement with the original equipment manufacturer, Pratt & Whitney Power Systems, Inc., which addresses the more complex and technical maintenance and repair needs of the CTGs. A Preferred Service Agreement provides MWRA with a comprehensive program of customer support that includes calibration of critical sensors and identification of all immediate-need maintenance requirements, which would then be performed by MWRA's current maintenance contractor. Because of the proprietary nature of the control systems, the complex and detailed nature of the services required, and the unique technical expertise that only Pratt & Whitney and its proprietary subcontractors possess, the Director of Procurement has approved the sole-source nature of this Preferred Service Agreement.

Sufficient funds for the first portion of this purchase order are included in Deer Island's FY10 CEB. Appropriate funding will be included in the Proposed FY11 CEB request for the remainder of the one-year term.

SUPPLY, DELIVERY AND DISPOSAL OF REGENERATED ACTIVATED CARBON FOR THE DEER ISLAND TREATMENT PLANT: CARBON ACTIVATED CORPORATION, WRA-3042

The Board voted to approve the award of a three-year purchase order contract for the supply, delivery and disposal of regenerated activated carbon for the Deer Island Treatment Plant to the lowest eligible and responsible bidder, Carbon Activated Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in an amount not to exceed \$896,850.

DEP's air quality operating permit for Deer Island requires that air be treated to remove odor-causing compounds prior to release to the atmosphere. Therefore, gases from the areas above the primary clarifiers, secondary reactors, and gravity thickeners, as well as air from the grit chambers, centrifuge operations, and pump station wet wells, must be drawn off and treated. Staff determined that carbon absorption alone can lower contaminants to within the specified limits for most of the year and reduced the use of wet scrubbers in some areas.

This purchase order contract will provide for the supply, delivery and installation of regenerated activated carbon for a period of three years. The contract was advertised and bid; three bids were received. Under the previous contract with Carbon Activated Corp., which expired on November 5, 2009, MWRA paid \$0.57 per pound for the removal, disposal and installation of carbon. Carbon Activated Corp.'s new bid price reflects a combined price of \$0.738 per pound, an increase of \$0.168 per pound. Staff have reviewed all bids and determined that Carbon Activated Corporation's bid meets all of the requirements of the specifications.

The Operations Division's FY10 CEB contains sufficient funding for the first portion of this contract. Subsequent Proposed CEB requests will include appropriate funding for the remaining term of this three-year contract.

Board Member Jack Walsh noted that this was a 30% increase and asked staff if that was normal. John Vetere, Director of the Deer Island Treatment Plant, responded that the increase depends on the chemical, though staff has not seen any prices go down. It was also noted that there has been a lot of variability in

recent years, and the price is based on transportation and manufacturing costs, including raw materials costs.

CONTRACT AMENDMENTS/CHANGE ORDERS

DENTAL INSURANCE: BLUE CROSS BLUE SHIELD OF MASSACHUSETTS, CONTRACT A525, AMENDMENT 1

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 1 to increase the amount of Contract No. A525 with Blue Cross Blue Shield of Massachusetts, Dental Insurance, in an amount not to exceed \$355,000 and exercising the first option to renew for the twelve months from January 1, 2010 to December 31, 2010.

MWRA has been providing dental insurance to all non-union employees since July 1, 1985. This contract would maintain the level of coverage currently offered to eligible employees in the areas of diagnostic, preventative, basic and major restorative services, as well as limited orthodontic coverage. The proposed premium costs represent a 5.5% increase over the current monthly premium; however, the contract dollar amount will not be increased due to an overall decrease in dental enrollment.

This contract will be in effect the second half of FY10 and the first half of FY11. The FY10 CEB includes the estimated cost of the dental insurance for eligible employees. The total cost of the plan is dependent upon the number of employees enrolled. The remaining cost of the dental insurance program will be budgeted for FY11.

Mr. Walsh asked what the cap on the plan is. Bob Donnelly, MWRA Director of Human Resources, responded that it is \$1,000 per year. He noted that the plan mirrors the state's plan and there has been interest in trying to get into the GIC dental plan through filed legislation. Andrea Murphy, MWRA Benefits Manager, noted that the MWRA plan and the GIC plan are very similar.

Board Member Joe Foti asked what the current employee contribution rate for health insurance is. Mr. Donnelly responded that employees either pay 20% or 25% depending on their date of hire; he noted that the contribution rates are set by the state.

PRISON POINT CSO FACILITY HVAC AND ODOR CONTROL SYSTEMS UPGRADES: EARTH TECH, INC. (AECOM), CONTRACT 6938, AMENDMENT 2

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to increase the amount of Contract No. 6938 with Earth Tech, Inc., Prison Point CSO Facility HVAC and Odor Control Systems Upgrades, in the amount of \$30,300 and to change the Consultant's name on the contract from Earth Tech, Inc. to AECOM Technical Services, Inc.

The Prison Point CSO Facility is located near the Museum of Science in Cambridge. The facility provides screening, sedimentation, and disinfection treatment of CSO flows, as well as overflow from a regulator on the Charlestown Branch Sewer. The treated flow is then discharged to Boston Harbor. Most of the HVAC and odor control equipment is original, has exceeded its design life and is generally in need of replacement with the exception of the boiler, temperature controls, and some SCADA instrumentation.

Contract 6938 was approved in 2007 to provide preliminary and final design and construction engineering services for the necessary updates to the HVAC and odor control systems at the Prison Point Facility. Amendment 2 is required to address unforeseen design changes that have become necessary since this contract was first awarded. The two tasks include: final design and administration and management.

Additionally, MWRA was notified that Earth Tech Inc., changed its corporate name to AECOM Technical Services, Inc. Approval of this name change will in no way impact contract amount, project personnel or anticipated Consultant performance.

The FY10 CIP includes a budget of \$317,000 for Contract 6938. Including this amendment, the adjusted subphase total will be \$347,248.06 or \$30,248.06 over budget. This will be covered within the five-year CIP spending cap.

INFORMATION

FY10 FIRST QUARTER ORANGE NOTEBOOK

Staff gave a presentation to the Board on the "Orange Notebook", which presents performance indicators for operational, financial, workforce and customer service parameters tracked by MWRA management each month for Deer Island and Clinton Wastewater Treatment Operations, Field Operations; Drinking Water Quality and Supply; Community Flows and Programs; and Management.

Board Member John Carroll asked if there has been a study to determine cost savings of civilian flaggers versus police details. He said the MWRA's maintenance cannot be delayed by an issue like flaggers. Chief Operating Officer Michael Hornbrook stated this is an issue staff has been following closely. He said that we've seen more cooperation with police and communities and lower numbers of police on jobs when we do need them. Board Member Joel Barrera asked about the impact on capital projects. Mr. Hornbrook responded on capital projects, the Authority has to develop construction zone safety plans and work with communities to come to agreement on how to execute them. Rick Trubiano, MWRA Director of Field Operations, noted that even with cooperation from communities, there is a great deal of give and take. Mr. Laskey noted that the MWRA is the only entity that is on other entity's roads – we don't have any roads of our own. Mr. Carroll asked what other entities are using flaggers instead of police details. Mr. Hornbrook noted that a few entities are, including MassHighway.

DELEGATED AUTHORITY REPORT- OCTOBER 2009

Staff presented a listing of delegated authority actions over \$25,000 for the period October 1 through October 31, 2009. This report is broken down into three sections:

- Awards of Construction, non-professional and professional services contracts and change orders and amendments in excess of \$25,000, including credit change orders and amendments in excess of \$25,000;
- Awards of purchase orders in excess of \$25,000; and
- Amendments to the Position Control Register, if applicable.

Mr. Walsh asked staff for more information about the replacement costs at Nut Island. Mr. Hornbrook responded that it was for an inspection and testing of the monitoring system. Mr. Walsh asked if it was connected to the recent IPS problem. Mr. Hornbrook responded in the negative.

FY10 FINANCIAL UPDATE AND SUMMARY AS OF OCTOBER 2009

Staff presented a financial update and indicated that through October 2009. Total revenue was \$195.1 million, \$78,000 less than budget. Total expenses were \$181.9 million, \$10 million or 5.2% less than budget.

FY10 Current Expense Budget

The excess revenue to expenses of \$9.9 million is the result of lower Debt Service Expenses of \$5.8 million due to lower variable rate debt expense; lower Direct Expenses of \$3.9 million mostly for maintenance and chemicals; lower Indirect Expenses of \$389,000 and lower than budgeted Revenue of \$78,000.

FY10 Capital Improvement Program (CIP) and Budget

CIP spending through October totaled \$70.5 million or 15.1% below budget across all three programs – Wastewater projects (\$4.7 million), Waterworks projects (\$7.2 million), and Business and Operations Support initiatives (\$0.6 million).

VARIABLE RATE DEMAND BOND INTEREST ASSUMPTIONS

As reported in the FY10 Financial Update and Summary as of October 2009, MWRA is experiencing a favorable year-to-date variance of \$5.9 million to budget for variable rate debt service. While this is a positive development, given the variance between current interest rates and MWRA's budgeted levels, staff believed a description of the methods used to determine interest rate assumptions would be helpful.

Staff presented information about the formulation of the variable rate assumptions that are used to develop a portion of the annual debt service budget. MWRA's variable rate assumption is comprised of three components, including the interest paid to bondholders, remarketing costs and liquidity facility fees.

MWRA's variable rate assumption is used to ensure that adequate funds are available to pay debt service to the bondholders. In years where the variable rate program has produced positive variances resulting in year-end surpluses, MWRA either deposited excess revenues into a reserve account to offset rate revenue requirements and smooth rate increases in future fiscal years or to do a defeasance to provide targeted budgetary relief in specific fiscal years. Should favorable interest rate trends continue throughout the remainder of FY10, MWRA will explore defeasance options in accordance with its multi-year management strategy.

Mr. Barrera stated that the MWRA has been smart to budget cautiously and conservatively. Ms. Madden responded that there are real consequences for coming up short in the budget. MWRA Treasurer Tom Durkin stated that there is a ripple effect on bond ratings that can have consequences. Mr. Barrera encouraged staff to continue to make the hard decisions and stay away from gimmicks.

Joseph Favaloro, Executive Director of the MWRA Advisory Board, called attention to the surplus on the variable rate over the last five to seven years and noted that it might be relevant to this discussion. He stated that the Authority needs balance between being cautious and being overly cautious.

PRESENTATION OF MWRA ASSESSMENT METHODOLOGIES

MWRA is required by its Enabling Act to establish charges which, with other revenues, provide sufficient funds each year to pay all current expenses, debt service and obligations to the Commonwealth; to pay all costs of maintenance, replacement, improvements, extension and enlargement of the sewer and waterworks systems; and to create and maintain reserve funds. Those charges or rates are adopted by MWRA based on the rate revenue requirements set forth in the Current Expense Budget.

In 1988 the Board of Directors adopted the following rate-making objectives with the main goal of ensuring multi-year, predictable and sustainable rates:

1. To minimize total costs, consistent with MWRA's statutory responsibilities to provide effective, environmentally sound, wholesale water delivery and wastewater collection and treatment services;
2. To minimize the cost of debt by strengthening MWRA's position in financial markets;
3. To avoid single year rate spikes by prudent management of costs and rate increases; and
4. To support inter-generational equity by avoiding unfair rate burdens on either current or future ratepayers.

Users of wholesale water and sewer services provided by MWRA are charged for those services in accordance with MWRA'S water and sewer assessment methodologies MWRA's water assessment methodology has in place since FY86, and its Sewer Assessment Methodology has been in place since FY96.

EFFECT OF JULY 2008 POPULATION ESTIMATES ON FY11 SEWER ASSESSMENTS

The MWRA sewer assessment methodology has been in place since FY96. It determines the charges to member communities based on each community's share of average wastewater flow, maximum wastewater flow, strength of flow, and total population as well as sewered population. Wastewater flows are based on the average of the most recent three calendar years, and total population is based on the most recent estimates from the U.S. Census Bureau. Sewered population is reported to MWRA by each community.

It is staff's understanding that the City of Boston's successful challenge of the Census Bureau's 2007 population estimate for the city has resulted in increases to the 2008 estimates for the three other Suffolk County communities. FY11 sewer rates will be based on these estimates. A similar situation occurred in FY10. The FY10 rate increases were 16.5% for Chelsea, 16.2% for Revere, and 16.7% for Winthrop. Based on the 2008 population estimates, in FY11 Chelsea's assessment will increase by 4.2%, Revere's assessment will increase by 3.9% and Winthrop's assessment will increase by 4.1%. MWRA will not release the proposed FY11 budget and corresponding community assessments until February 2010. The communities have been notified about the potential increase.

Mr. Favaloro stated that the Authority's hands are tied. He said that he visited each of the communities in question last year to touch base about the rate increases. He stated that we have to live with the

methodology as it took a long time to develop and was approved by many parties along the way. Mr. Laskey noted that the Authority looks forward to the advice of the Advisory Board.

Mr. Foti indicated he did not think there was sufficient conversation between the affected communities and the MWRA. Mr. Foti indicated that he had initiated conversation with staff before they addressed the issue with Chelsea.

IMPACT OF MWRA ASSESSMENTS ON THE AVERAGE RETAIL BILL

Staff presented information on the impact of MWRA's wholesale charges on the retail rate for MWRA communities. The source information used for the analysis is the MWRA Advisory Board Water and Sewer Retail Rate Survey published in December 2008. The survey provides a comparative snapshot of the retail rates for each community in the MWRA service area. Retail rates include MWRA's FY09 wholesale charge, as well as the cost of providing service at the local level. Each community has its own strategies and policies with respect to water and sewer revenue matters. Decisions about rate structures, use of rate stabilization funds, enterprise fund accounting and policies, and recovery of revenues to meet local system needs all factor into the retail rates paid in each community. Due to the different rate-setting goals and strategies in each community, MWRA's share of the average household bill varies in each community.

ELIMINATION OF FUNDING FOR CLINTON WASTEWATER TREATMENT PLANT AS PART OF 9C CUTS

On October 15, 2009, as part of the effort to close the Commonwealth's budget shortfall, the annual \$500,000 appropriation for the Department of Conservation and Recreation (DCR), which traditionally serves as the means by which the Town of Clinton has paid MWRA's assessment for the use of the Clinton wastewater treatment facility pursuant to the provisions of Chapter 307 of the Acts of 1987, had been eliminated. It is MWRA's understanding that restoration of the funds is highly unlikely given the unprecedented financial conditions the Commonwealth is facing this year. Staff must engage the Town of Clinton directly and evaluate options to ensure payment of the \$500,000 assessment.

MWRA Director of Public Affairs Mike Morris noted that this issue was currently being debated in the Legislature and the House may choose not to concur with the Governor's 9C cuts in this line item; non-concurrence would effectively override the Governor's cuts.

PROGRESS OF CAMBRIDGE-IMPLEMENTED CSO PROJECTS AND PROJECTED FINANCIAL ASSISTANCE THROUGH MARCH 2010

Staff presented information on the status of projects in the Long-Term CSO Control Plan that are funded by MWRA and implemented by the City of Cambridge. Staff plan to transfer \$995,964 into the City of Cambridge CSO account to cover anticipated eligible costs in the period October 2009 through March 2010.

Under the Memorandum of Understanding (MOU) and Financial Assistance Agreement (FAA) between MWRA and the City of Cambridge for the Implementation of CSO Control Projects, Cambridge is responsible for implementing five of the 35 projects in MWRA's Long-Term CSO Control Plan.

After more than two years of delay due to wetlands permit appeals, Cambridge resumed final design in October 2008 for projects in the CSO control plan related to Alewife Brook. Since then, Cambridge has made substantial design progress. In September 2009, Cambridge submitted proposed new project schedules to MWRA. Cambridge expects to recommence with construction of components of the program in January 2010 and expects completion of design of the largest remaining contract in spring 2010.

The FY10 CIP includes \$61,865,000 for design and construction of the Cambridge-implemented CSO projects. The total award amount of the MOU and FAA with the City of Cambridge is \$60,021,000.

2008 OUTFALL MONITORING OVERVIEW AND PROGRESS UPDATE ON REQUESTED CHANGES TO AMBIENT MONITORING PLAN

MWRA has made efforts to reduce Ambient Monitoring Plan requirements under its current and future National Pollutant Discharge Elimination System (NPDES) Permit for Deer Island. Considerable progress has been made with EPA, other interested parties, and the Outfall Monitoring Science Advisory Panel (OMSAP) in achieving modifications that would result in considerable cost savings to MWRA. However, EPA

has recently been contracted by the National Marine Fisheries Service regarding review of MWRA's requested changes with respect to endangered species issues. Depending on the nature and extent of review and reporting that EPA is required to perform, there is potential for considerable delay in the implementation of a revised monitoring plan.

Overall in 2008, as in previous years, the ocean monitoring found that Deer Island effluent had no adverse impacts on the ecology (plankton, flounder, water quality, bottom-dwelling communities) of Massachusetts and Cape Cod Bays or Stellwagen Bank National Marine Sanctuary. Based on these results, staff continue to make the case to the regulatory agencies for substantially reduced monitoring in the next NPDES permit, which is expected to be issued in draft by EPA and DEP for public comment in summer 2010. Since early 2009, MWRA has been working with regulatory agencies to modify its current required ambient monitoring with the goal of better focusing the monitoring program while decreasing costs.

MWRA's FY10 Current Expense Budget for required harbor and outfall monitoring is \$2.1 million, which assumes implementation of the revised monitoring plan for the second half of FY10. National Marine Fisheries Services' requirements of EPA have the potential to significantly delay approval of any monitoring changes, which may result in FY10 spending exceeding the budget by up to \$500,000. Additionally, if the revised monitoring plan for Ambient Monitoring is not adopted, MWRA's FY11 CEB spending could be \$1,000,000 more than projected.

PRESENTATION ON INVASIVE SPECIES

Staff updated the Board on several ongoing efforts addressing the threat of aquatic invasive species in the watershed. DCR is working with researchers at UMass and Rochester Polytechnic Institute to conduct a "Tank Study" of the viability and reproductive success of zebra mussels in Quabbin water. DCR has also begun a watershed-wide review of all aquatic invasive species and potential exposure paths, using a format similar to that successfully used in developing other aspects of watershed protection plans.

After the discovery of zebra mussels at Laurel Lake in Lee, Massachusetts, MWRA staff arranged for a group of experts to review the Authority's aquatic invasive species programs and be available for a panel discussion at a subsequent Board meeting. Staff invited the following individuals to participate in a panel discussion at the November Board meeting:

Tom Flannery, DCR Lakes and Ponds Program
Rick McVoy, DEP Aquatic Invasives Program
Bob Hartzel, Geosyntec Consultants

Tom Flannery is one the invasive species leaders at the Mass Lakes and Ponds Programs and has extensive experience in surveying lakes and ponds for invasive species, especially zebra mussels. Rick McVoy has supervised DEP's Clean Lake Program and is a long-time expert in aquatic invasive plants, working out of DEP's Division of Watershed Management. Bob Hartzel is a highly respected aquatic plants/invasive expert and has conducted aquatic plants studies throughout New England and is a former Massachusetts Department of Environmental Management Lakes and Lakes Program Coordinator.

John Carroll asked if the [invasive species] milfoil was established by the boat ramp in the reservoir, is it reasonable to speculate that the boats coming in and out of the ramp brought it? Mr. Flannery responded that it was likely but that could not be said with complete certainty. Mr. Flannery noted that it was determined through dive studies that the milfoil was well established at two of the three boat launches.

Board Member Michael Gove asked how long the milfoil has been present. Mr. Hartzel responded that there was no confirmed date for its presence, though the reservoirs have incredibly diverse plant life.

Mr. Gove asked if recreational boating could be considered a mainline transporter of invasive species. He noted that the decontamination program is a major asset for the reservoir.

Board Member Jim Hunt asked if there was a low probability of survivability of the zebra mussel in the Quabbin. Mr. Flannery noted that the water chemistry does not seem to support zebra mussels, though the tank study is a great idea to make further determinations. Mr. McVoy noted that plant species tend to adapt faster than animal species.

Mr. Carroll asked how invasives get introduced. Mr. Flannery responded that they are all from upstream by human involvement.

Mr. McVoy stated that the DCR rapid response plan contains good information. Mr. Laskey noted that some boat owners objected to flushing boat engines with hot water. Mr. Flannery stated that other options are more time consuming than hot water; other options include using chlorine, vinegar or salt baths.

Mr. Hunt noted that the issue that the Authority is struggling with is the threat of zebra mussels; given the low risk of survivability in the Quabbin, would the experts worry about the recreational boaters? Mr. Flannery and Mr. Hartzel responded in the negative.

Mr. Carroll stated that Board members take an oath to protect the water supply. The range is from “do nothing” to “no recreational boating” – which direction would the panelists go? Mr. Hartzel responded that there should be different actions for different species. He said there should be a degree of control over the boats and that boat washings and inspections make sense. Mr. McVoy stated that it was important to talk to all involved. Mr. Flannery stated that a public education campaign would be appropriate.

Mr. Gove suggested that the Board receive an update in January and a proposal can be put together for a vote in February.

Mr. Hunt stated that a longer-term and continuing comprehensive analysis for a program around all aquatic invasive species would be helpful; could staff come back with recommendations for long-term comprehensive program for addressing aquatic invasive species.

Mr. Barrera asked about the cost associated with addressing these issues; this year the Authority paid the cost. He noted that the Advisory Board has recommended boaters bear the cost. Mr. Favaloro stated that the costs should be borne by boaters, not ratepayers.

Chairman Bowles stated that he would like to see the Board addressed in the context of all invasive species. He stated that there are material reasons to believe no zebra mussels exist in the Quabbin, but should look at all aquatic invasive species. He noted that the legal reading of which agency is in charge of the water supply was that the two agencies have to work together. He suggested that the Board address some options in January and take action in February.

UPDATE ON SUSTAINABLE WATER RESOURCES BILL

[Held until December meeting.]

LOCAL WATER SYSTEM ASSISTANCE PROGRAM INCLUSION IN PROPOSED FY11 CIP

[Held until December meeting.]

UPDATE ON LEAD AND COPPER RULE COMPLIANCE – FALL 2009

MWRA system-wide lead levels in the September 2009 sampling round were below the Action Level again for the 12th consecutive sampling round and for 15 of the past 17 rounds. Lead levels were somewhat higher than previous rounds, with a preliminary 90th percentile value of 10.2 parts per billion (ppb). Six communities were individually above the lead Action Level. MWRA continues to meet the copper standard.

MWRA and its communities conducted the fall sampling round beginning in late September 2009. Under EPA’s Lead and Copper Rule, each year MWRA and every fully-supplied community must collect and test tap water in a sample of homes that are likely to have high lead levels. The EPA rule requires that nine out of ten, or 90%, of the sampled homes must have lead levels below the Action Level of 15 parts per billion (ppb). The preliminary 90th percentile value for the system as a whole in September 2009 was 10.2 ppb, the highest level since September 2006, yet still under the lead Action Level. Six communities: Chelsea, Malden, Medford, Melrose, Milton, and Winthrop all had individual 90th percentile levels above the Action Level; only three communities were above the Action Level in spring 2009’s sampling round. Chelsea, Milton and Winthrop will be required by DEP to resume their mandatory lead service line replacement programs. Malden, Medford and Melrose were recently above the Action Level and thus, already have active lead replacement programs.

The increase in lead results for this sampling round may have been caused by the change in reservoir water quality that occurred during the spring and summer. The rainy spring and summer resulted in increased reactive organic carbon loadings in the raw water leaving Wachusett Reservoir.

Staff have begun discussions with DEP and EPA about reducing the number of sampling rounds per year from two to one. This would reduce the burden of the sampling program on communities and homeowners.

UPDATE ON PCB REMOVAL/ ABATEMENT AT WESTERN WATER FACILITIES

[Held until December meeting.]

UPDATE ON STAFFING AND RETIREMENTS

In reaction to the elimination of the \$11.25 million in Debt Service Assistance in December 2008, the Board approved a budget amendment that absorbed the reduction without impact to the member communities. A key component of the budget reduction plan was a modified hiring freeze. At the time, the Authority's headcount was 1,235 positions. In addition, the Board approved participation in a portion of the Commonwealth's Healthcare Contribution Program. As of November 6, 2009, the headcount was 1,213, with the potential of 17 additional employees who have filed their papers to retire before January 31, 2010.

A total of 29 terminations have occurred since December 2008, of which ten positions have been filled with only two being external hires. It is important to note that because of the modified hiring freeze and the general constraints on hiring, there is also a back log of positions that became vacant prior to December 2008 that have been prioritized for hiring.

The annual base salary total for the 11 positions that have already become vacant due to retirement is \$746,400. To date, five of these positions have been approved for backfill. To backfill, these five positions, the approximate base salary cost is \$367,500. This represents an initial savings of \$378,900 in base salaries, before taking into consideration other positions that may be vacated and not backfilled as result of these promotional opportunities.

CORRESPONDENCE

ADVISORY BOARD LETTER

Mr. Laskey opened discussion of the Advisory Board's letter to the Board recommending the proposed rate revenue requirement for the FY11 Current Expense Budget be level funded, calling it a strategic decision for discussion in the budget process.

Mr. Carroll stated that if the Advisory Board was so inclined, they could present their recommendation regarding a zero dollar increase to the Board at the December meeting.

Mr. Favaloro stated that there are many pathways that will take the Authority to a zero dollar rate revenue increase. He noted that the Advisory Board's position was an integrated approach – one of working with both staffs to achieve the goal. He noted that the Advisory Board has developed one road but there are many ways to get there. The reason the Advisory Board issued its recommendations in October was to be fair to staff in order to get the discussion started so as to achieve a zero dollar rate increase to be incorporated in the February Assessments. He stated that the Advisory Board is ready with one pathway and hopes the Authority will come up with others.

*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.*