

A SPECIAL REPORT
TO THE
MASSACHUSETTS WATER RESOURCES AUTHORITY

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Prepared by the
Executive Committee
of the
MWRA Advisory Board

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EXECUTIVE SUMMARY

The following report, prepared by the Advisory Board to the Massachusetts Water Resources Authority, represents a view of community concerns that comes after two and a half years of observing the Authority and interacting with it. At the outset, let it be said that the Advisory Board is totally supportive of the Authority's overall goals to revitalize its water and sewer systems and build new treatment facilities to help clean up Boston Harbor.

Since the Authority was created, however, not only to meet environmental standards, but also to operate a wholesale water and sewer system in a manner that satisfies its customers, its mission cannot be defined solely as a series of engineering tasks. In its zeal to "build a new treatment plant" or "revitalize aging infrastructure," the Authority cannot lose sight of the fact that, like any public utility, it was created to satisfy its customers--the sixty Advisory Board communities and their ratepayers. Their support will, in the end, prove critical if the Authority is to accomplish its mission.

As the Authority moves forward, it is legitimate to raise questions about the way the Authority is accomplishing this mission. Certainly, the Authority's recent announcement that it could spend as much as \$6 billion to clean up Boston Harbor--to be paid primarily by its ratepayers--raises two key questions: Where are the dollars going, and how will we pay?

One major concern of the Advisory Board is the need for a comprehensive plan. The Authority perhaps views its charge as rather straightforward--to construct a new sewage treatment plant, to reconstruct the remainder of the sewer network, and to revitalize one of the nation's premier water systems--and thus sees no need to provide greater detail in a multiyear planning document.

But underlying the Advisory Board's stress on such a document are two crucial points: the conviction that the same end can be reached by different routes, and the knowledge that the Legislature intended the sixty cities and towns--through the Advisory Board--to have a role in deciding which route is best. And from the communities' point of view, a comprehensive plan that contains more than technical endpoints will greatly enhance their capacity to measure the Authority's progress.

A second major concern of the Advisory Board is the need for a greater institutional commitment to save every possible dollar. The MWRA must begin to recognize that the potential costs to the ratepayers are so great that the Authority must justify every proposal in relation to its overall strategy. To retain the political and financial backing it needs, the Authority must assure the ratepayers, through the Advisory Board, that every dollar is well spent.

If the MWRA is to succeed in its mission, the Authority needs to recognize that its actions must be accountable--and credible--not according to standards the MWRA itself sets, but according to standards set by its customers, the communities.

But to be fully accountable to the public, the Authority must do more than explain to the communities what it has already done. The Authority has a responsibility to document fully all the factors that go into a staff recommendation. Only with this knowledge can the Advisory Board offer well-reasoned input into decisions before they are made. Good budgeting, for instance, involves conscious policy decisions that the Advisory Board communities should help make.

Fortunately, the Authority's Board of Directors has found in its new Executive Director, Paul Levy, someone who recognizes the political realities of the Authority's broad mission. Beyond his focus on engineering challenges, Mr. Levy is making internal changes that may eventually elevate the legitimacy of community concerns within the MWRA.

But, although the Advisory Board remains optimistic that the Authority can change, it is driven by an increasing sense of urgency. Over the next two years, communities could see two 40 percent rate increases. In this same period, the Authority will also be making major decisions on costly projects that will increase rates dramatically in the years beyond.

The time has come for Mr. Levy to instill in the institutional mind a broader view of his agency's mission. Such a view must recognize fully the legitimate concerns of the Authority's customers, the communities, and of the Advisory Board that was created to represent them.

If the Authority fails to make positive and timely changes, the Advisory Board may be forced to push for specific legislative remedies, including granting to the Advisory Board direct oversight of the Authority's budgets. For only if the communities are treated as genuine partners in the work to be done can the Authority obtain the good will and support needed to ensure its long-range success.

Introduction

After two and a half years of observing and interacting with the Massachusetts Water Resources Authority, the MWRA Advisory Board has concluded that it is time for the MWRA to broaden its perception of its mission. The sixty Advisory Board communities that pay the MWRA's bills remain totally supportive of the Authority's overall goals to revitalize its water and sewer systems and build new treatment facilities to help clean up Boston Harbor. But in addition to building an organization capable of meeting massive engineering challenges, which it is successfully doing, the MWRA must do more to demonstrate its commitment to serve its customers, the communities, as the Legislature intended.

The Advisory Board does not represent some vague "public interest," but communities whose very ability to serve their citizens will be directly influenced by how the Authority manages its portion of Metropolitan Boston's water and sewer systems. Like the Authority, the communities collectively provide water delivery and sewage removal to over two million people. As players in both the wholesale and retail delivery of services, however, the communities often have to bear a heavier burden for the Authority's actions than the Authority itself.

In creating an independent advisory board to the MWRA and allocating three seats on the Authority's Board of Directors to Advisory Board representatives, the Legislature acknowledged the legitimacy and primacy of community concerns. Both terms underscore the need for the Authority to work with the communities, but how the Authority chooses to satisfy this requirement is crucial.

The Authority could go a long way toward entering a working partnership with the communities by strengthening their voice in decision-making. But the MWRA has yet to treat the communities as customers it was created to serve, let alone as partners. Beyond simply informing the public about what it hopes to achieve, the Authority must ensure that the ratepayers--through their representatives on the Advisory Board--are part of the process.

The Advisory Board is optimistic that the MWRA can develop into the kind of public agency the Legislature intended it to be. In real and intangible terms, the Authority has significant assets, particularly in Paul Levy, its talented new Executive Director. Mr. Levy understands that the communities are the Authority's fundamental constituency and that their support is essential to the Authority's success.

Over the past two and a half years, the Advisory Board has consistently pushed this same theme, notching the pressure a little higher as time has passed. Although the Authority has progressed on many fronts, particularly during Mr. Levy's six-month tenure, it still does not yet give the communities the priority attention they deserve. As the Authority moves ahead, the need to develop a clearer sense of its mission to serve the public will become increasingly crucial.

The MWRA's Mission

To bolster community support, the Authority must develop processes and materials to help the Advisory Board provide independent appraisal of MWRA activities to the public.

Although "the cleanup of Boston Harbor" is popularly conceived of as the Authority's mission, the enabling legislation charged the MWRA to manage effectively the collection, treatment, and disposal of sewage in Metropolitan Boston and to deliver water to the MWRA service area. One major result of this charge, and a second purpose of the legislation, would be an end to the choking of Boston Harbor with inadequately treated sewage flows, which for far too long have been in violation of the Federal Clean Water Act.

But to see the Authority's mission simply as "building a new treatment plant" or "developing a sludge disposal program" or "rebuilding aging infrastructure"--or even a combination of these tasks--misses the point. The Authority was created not only to undertake a series of engineering tasks, but to operate a wholesale water and sewer system in a manner that satisfies its customers, the sixty Advisory Board communities.

To satisfy its customers and develop their support, the Authority must convince them that its projects make sense and that each will be accomplished as efficiently as possible. This assurance is essential if the Authority is to moderate citizen unrest over skyrocketing costs. But such assurance takes more than what the Authority itself can give. The Advisory Board, which is empowered by the Legislature to review independently the details of the Authority's programs, is a needed ally. It is well positioned to help convince the communities, if the facts warrant it, that the Authority is acting in their best interests.

Without such independent appraisal of the MWRA's complicated projects and programs, the solid public support the Authority will need in the future, when the communities are faced with significant water and sewer bills and other pressing municipal priorities, will not be there. The Authority will then have to be counted a failure if it must rely on some future court order or other compulsory measure to assure the operation of its facilities or to assure that local water and sewer systems do not suffer in the face of high MWRA costs.

Certainly, it is important for the Authority to spread the word about its activities and accomplishments, but this cannot replace the need for an independent Advisory Board conducting detailed review that goes beyond the headlines. But since the Advisory Board's reviews rely in large measure on the documents produced by the Authority, the Advisory Board needs the Authority assistance to do its job well.

To satisfy its mission fully, the Authority must develop better public processes and materials, ones that enable the Advisory Board and the public at large to help keep the Authority on track. Many of these are suggested in the sections that follow.

The Need for a Master Plan

The Authority must demonstrate its commitment both to comprehensive planning and community involvement by producing a master plan for Advisory Board review.

One important way the Authority can gain the support of the communities is by developing a comprehensive planning document for Advisory Board review and comment. Such a master plan would encompass all the projects and goals between the major milestones, including those in the Court order, to allow the communities to measure the Authority's progress toward these goals and be forewarned of the potential costs. There will of course be many unknowns in the steps between milestones, but these can be explained and to some extent qualified.

For over two years now the Advisory Board has asked the Authority to develop such a master plan to guide it in the construction of the new sewage treatment plant and the reconstruction of the water and sewer networks. But the Authority, which points both to the milestones established in the Court schedule and to the fact that it shares every one of its engineering studies with the Advisory Board, cannot understand what more is needed, nor why. Underlying the Advisory Board's stress on a multiyear plan, which it can review and comment on, are two important themes: its belief that different paths lead to the same end, and the knowledge that the Legislature intended the Advisory Board to have a role in deciding the best route.

The Authority's CSO (combined sewer overflow) control program is an example the Advisory Board has used before to show how the same result might be achieved through substantially different approaches. But even the prospect of saving millions of dollars by using one approach over another may not be enough to warrant its adoption, given that the Authority may see its implementation as more difficult and, politically, more risky. The Authority's efforts at managing its residuals, as addressed in recent Advisory Board comments, provide another example of how certain approaches that could prove most beneficial may not be actively considered without an extra push. A plan that considers various alternatives, in the context of their cumulative impacts and broader consequences, would help ensure that the best--not the easiest--approach is chosen.

Another value of a master plan would be in helping to determine the full range of costs and benefits. Each project could then be assigned a priority so that, in light of limited resources, rational decisions of which projects to proceed with, and when, could be made. In the absence of such a document, it is no wonder that Representative James R. Miceli (D-Wilmington) has filed a bill that would require the Authority to indicate what the costs of the overall program will be before rates go up anymore.

A recent Authority announcement estimating future rates based on the total costs of harbor-related projects (excluding CSOs) was a step in this direction. The Authority's message,

however, was incomplete, its analysis was inconsistent, and it perpetuated the misleading impression that overall costs are completely beyond the Authority's control.

The Need to Justify All Costs

The Authority must do more, primarily in preparing its budget documents, to show that it is working to save every dollar it can.

The ratepayers' ability to pay the potentially astronomical costs for the entire clean-up project is finite. That is a reality that must be reckoned with. The Authority must do its utmost to save every dollar it can by assessing the costs and benefits of each project in relation to some master plan. By assuring the communities that every dollar it does spend is spent wisely, the Authority will find that it can best retain the political and financial backing it needs.

But if costs soar too high, even more may be lost. If the Authority does not take every reasonable cost-saving measure, ratepayers may force cuts through political action that environmentally we cannot afford. In addition, every unnecessary dollar spent on harbor-related projects is a dollar that could be spent instead on other improvements, such as better efforts to remove hazardous materials from the waste stream or to maintain local systems.

The Authority has taken an important first step in preparing, at the Advisory Board's request, a report outlining a more comprehensive budget and planning process for next year. Continued efforts to bolster that process should result in more complete justification for each expense. But it is not enough simply to justify costs; the need for each project must be examined in light of finite resources. Good budgeting requires that the Advisory Board be involved in making conscious policy decisions that set priorities for the coming years.

The Pressures to Spend

To serve the communities' interests, the Authority must begin to recognize more fully the Advisory Board's role in making major financial decisions.

Far from being an advocate of unreasoned cuts, the Advisory Board, in its close reading of the budget, is perhaps the Authority's best-informed supporter. But other groups, less aware of the Authority's overall financial picture, may exhort the MWRA to "get the job done" at whatever cost, little appreciating the need to keep costs as low as possible.

The Court action, filed shortly after the Authority was created to assure compliance with the Federal Clean Water Act, has had a major effect in shaping how the Authority is viewed. By keeping the harbor cleanup in the spotlight, the lawsuit has

emphasized the Authority's environmental role. Perhaps in response, the Authority has begun to envision itself developing into "the leading environmental agency in the state." (1) By focusing on environmental issues, the Authority easily captures an existing constituency of both concerned citizens and broad-based groups with a longstanding interest in a cleaner Boston Harbor. The dark side is that public expectations of what the MWRA can do may be raised beyond what it is empowered to do, or what ratepayers should be asked to pay for.

Inside the Authority, the Court mandate bolsters the propensity for inherently conservative engineering staff to choose cautious options and plenty of backup. This may undermine the best intentions of upper management or the Board of Directors to keep costs down.

These pressures drive the Advisory Board's request for more thorough documentation of the Authority's rationale for spending, preferably linked to some comprehensive plan. The Authority's ratepayers, through the Advisory Board, have as much to say about how their money will be spent--and on what--as anyone.

But the Authority still does not fully understand its responsibility to provide adequate information to the Advisory Board, so that the public--through their community representatives--can help shape MWRA decisions. Just recently, in responding to Advisory Board comments about the need for further justification for a proposed \$55 million budget amendment, the Authority acknowledged that additional information would be "helpful," but recognized neither the need for, nor the urgency of, the Advisory Board's request.

The Foundation of Credibility

To build lasting credibility, the Authority must begin to recognize how communities work and appreciate local professional competence.

The inability to understand many of the Advisory Board's requests is the consequence of another, more basic failure. The Authority does not recognize that, to succeed in its mission, its actions must be "accountable," not as defined by itself, but by the communities.

Being accountable means more than giving a forthright explanation of the major facts that go into a decision. To the Advisory Board, it means being aggressively upfront about and documenting fully all the factors that go into a staff recommendation. Only if the Advisory Board has this knowledge can it offer well-reasoned input into decisions before they are made.

Changes now being made within the Authority promise to improve the quality of information given to the Advisory Board.

(1) Paul Levy, "On the Waterfront," MWRA newsletter, Fall 1987.

But if the Authority is to maintain, let alone bolster, its current level of community support, it needs to do much more. With its third anniversary approaching, and a 40 percent rate increase proposed for next year, the Authority's grace period is vanishing. Local officials at recent Advisory Board meetings have made that perfectly clear. The Authority's long-term credibility will depend increasingly on sharing the details behind its actions with the Advisory Board membership. Those details must show that the Authority's actions are meant, first and foremost, to serve the communities' needs.

To date, the Authority still appears not to appreciate the communities' perspective fully. The Authority seldom factors in local political needs and resource limitations when implementing its initiatives, and as a rule does not take into account a community's professional competence when it designs programs with major community components. Add to this the danger that Authority professional personnel may come to believe that ordinary citizens lack the knowledge to pass judgment on complex engineering projects, and there will be an almost total absence of dialogue. Such a situation can only engender a festering ill will. It will not destroy the Authority's credibility overnight, but its consequences will be both serious and long lasting.

It is critical that the Authority recognize that public participation is a way of life in Massachusetts cities and towns. Citizens feel they have a right to be involved in decisions that affect them in any way, even those made by an agency whose tasks are as urgent as the Authority's. By sharing with the communities the detailed information they must have as partners in the delivery of water and sewer services, and by acting as if local mores and municipal operations--as well as the consensus opinion of community representatives to the Advisory Board--really do matter, the Authority will find that long-term support for its programs will follow more easily.

The Advisory Board as an Ally

The Authority, as an institution, needs to understand more fully the role of the Advisory Board.

The Advisory Board believes that, as partners in the delivery of water and sewer services, and as major beneficiaries of an improved environment, the communities and the MWRA are natural allies. Since it began operations two and a half years ago, the Advisory Board has been a conduit for information about Authority programs to the communities. Yet the Authority seems unable to understand how the Advisory Board fits into the MWRA's mission or what the Advisory Board is in fact all about. The Authority does little to inform the public about the role of the Advisory Board, and seldom mentions the Advisory Board in its briefings and publications aimed at the public.

As rates soar, and the press and public turn to the Advisory Board for an in-depth and independent appraisal of the Authority, the Authority will be well served if it strengthens

this alliance by enhancing the Advisory Board's ability to review MWRA activities and substantiate the Authority's progress.

The Authority will be well served, too, by letting the public know that they have a direct voice in the agency through the Advisory Board. When citizen outrage erupts over an MWRA proposal, the public's confidence in the Authority will inevitably weaken--no matter how many public meetings MWRA staff attend or what promises the agency makes. But the Advisory Board can act as an additional channel for citizen energy, one that could prove both less disruptive and more substantive.

In 1988, to the extent that resources will allow, the Advisory Board plans to bolster this important activity with the communities. The Authority for its part has pledged to improve the information it provides to the Advisory Board and, recognizing that the Advisory Board needs additional resources, has implied that it too would like to see the Advisory Board expand its activities.

The Advisory Board's role, however, goes beyond channeling individual complaints to the Authority. When Authority policies are controversial, the Advisory Board's Executive Committee and staff try to consolidate local opinion by crystallizing community unrest--often as vague as, "We don't like what the MWRA is doing"--into real issues. Such issues can be debated on their merits and then either dismissed or advocated in meaningful recommendations.

This approach may make some Authority staff uncomfortable. But the MWRA must learn to appreciate the Advisory Board's role, not only to comprehend its own mission, but to grasp the limitations placed on Authority activities as well.

The Limits of the MWRA's Role

Until the Authority better appreciates the communities' role in the wholesale delivery of services, it should avoid involvement in retail issues and other areas the communities have traditionally handled.

The Authority does not now talk of itself, and presumably will not soon act, as the "wholesaler" it was designed to be. Last year the Authority seriously considered imposing strict procedures that would dictate the method for determining local rates. Even though--owing in part to Advisory Board pressure--the "retail rates policy" the Authority finally adopted stressed incentives rather than requirements, the stage is set for increased MWRA involvement with local rates.

In fact, the Authority's answers to the press about when monthly billing will occur (a measure that may help homeowners plan their budgets and save water) imply that the decision is theirs to make, rather than the individual communities.

Beyond rate issues, the Authority has recently proposed placing several requirements on some of its regular water customers that will soon be placed on water-contract communities. This may be an appropriate measure, but it stretches interpretation of the Authority's enabling legislation to its limits. For other local water management activities over which the Authority has no control, the MWRA Board of Directors has asked staff to study the possibility of filing legislation to obtain such powers. The Authority should consider such options cautiously and in full recognition of the primary role Advisory Board communities must play if the Authority is to prove successful.

Conclusion

This report suggests several changes needed at the Authority. On some, which the Advisory Board has offered before and which the Authority has begun to implement, the Advisory Board awaits signs of tangible progress. As for the others, the Advisory Board hopes the Authority will accept these in the spirit in which they are offered, that of building support for the difficult and costly work that lies ahead.

The Authority can be proud of much that it has accomplished. But the time has come for Mr. Levy to instill in the institutional mind a broader view of his agency's mission. Such a view must recognize more fully the legitimate concerns of the Authority's customers, the communities, and of the Advisory Board that was created to represent them.

If the Authority fails to make positive and timely changes, the Advisory Board will consider approaching the General Court asking for specific legislative remedies. Some Advisory Board members have suggested that the Advisory Board be given direct oversight of the Authority's budget, a power similar to that granted to county advisory boards. Although the Advisory Board recognizes that such an arrangement could upset the Authority's bond rating, that may be the necessary cost of ensuring that community interests are taken to heart.

Pessimists may argue that such remedies are inevitable, but the Advisory Board believes that the present model can be successful if the Authority and the Advisory Board are determined to make it work. The conscious effort it will take on the part of both will prove worthwhile if the result is that MWRA ratepayers see the maximum public benefit at the minimum cost.