

**MWRA ADVISORY BOARD MEETING
MARCH 15, 2001
AMERICAL CIVIC CENTER
467 MAIN STREET, WAKEFIELD, MA**

MINUTES APPROVED AT THE APRIL 26, 2001 MEETING

Eighteen members were present: Al Renzi, FRAMINGHAM; J. R. Greene, GUBERNATORIAL APPOINTEE; Ralph Pecora, LEXINGTON; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLEHEAD; Gabriel Federico, MEDFORD; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Jay Fink, NEWTON; Bernard Cooper, NORWOOD; Ted McIntire, READING; Joseph Attubato, SAUGUS; Joseph Foti, SOMERVILLE; Stephen Casazza, WAKEFIELD; Walter Woods, WELLESLEY; Jean Thurston, WESTON; Steve Olson, WEYMOUTH; Rob Antico, WILMINGTON.

Also present: John Carroll and Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Elisa Speranza; Steve Lipman, DEP; Eric Hall, EPA; Carl Leone, Tracey Harik, Pam Heidell, Kristen Hall, MWRA STAFF; Joe Favaloro, Cornelia Potter, Ryan Ferrara, Nathalie Grady and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

AGENDA

A. WELCOME

Chairman Joe Foti called the meeting to order at 7:31 p.m. Advisory Board member Steve Casazza welcomed everyone to Wakefield.

B. REPORT OF THE EXECUTIVE DIRECTOR

Joe Favaloro stated that there have been at least two incidents of attempted activity occurring outside of the System Expansion Policy in the past month. For the Authority and Advisory Board staffs and communities, that is problematic. The Policy is a systematic approach that does a full analysis on a case by case basis to determine if the expansion is feasible. The economic benefit is distributed among the whole MWRA rate base. The Authority was able to catch both of these incidents, but there is concern that there are others.

It has been close to five years since the System Expansion Committee last met. The committee will reconvene in the near future. Additionally, at an upcoming Operations Committee meeting or a full Advisory Board meeting, it should be reiterated what the System Expansion Policy is.

C. PRESENTATION: FINANCING THE NEXT WAVE OF WATER/WASTEWATER INFRASTRUCTURE ASSET REPLACEMENT – A NATIONAL PERSPECTIVE – Elisa Speranza, PA Consultant Group

Elisa Speranza stated that there have been headlines about a trillion-dollar gap in infrastructure. People are touting that more federal money is needed. The real story is that compliance costs, plus demographics-driven infrastructure repair and replacement costs, equal a need for additional funding in some areas. Parts of the country with newer infrastructure don't need much federal help, but certainly around here there is a need for additional funding.

One more traditional approach to asset management involves an extensive condition assessment – looking at the remaining life of assets, identifying and prioritizing where the assets need to be replaced or repaired. It is the same as capital planning. A lot of communities are now identifying all assets via GIS. It is a big project and requires a lot of upfront investment of time and money in data and information systems. It is more useful as a longer term planning tool.

A lot of communities are doing “Top Down Asset Management”. This approach is a quick way of getting a handle on what replacement needs are going to be, estimating the economic life by forecasting replacement and repair costs. Then those costs are validated against what actually happens in the field. It begins with data already on hand and continually improves.

One method that was used in the study was developed in Australia and is called the Nessie Curve, because Australian's thought it looked and acted like the Loch Ness monster lurking beneath the surface. It represents all different types of assets in its water and wastewater system – pumping stations, outfalls, treatment plants, reservoirs and pipes. Each color represents a different kind of asset. It goes out 100 years and it maps the replacement costs in today's dollars.

In addition to the replacement funding, repair costs have to be considered because those two things added together add up to the real cost of running the system and capital replacement. A lot of the pipes that were put in the ground 100 years ago are still in good shape. Some pipes put into the ground fifty years ago aren't in good shape. If the 100-year life pipes and the 50 to 75 year life pipes are coming due at the same time, there may be a big problem.

As this research went on nation-wide, the researchers came to the realization that infrastructure needs are different every place. It is different in the east versus the west, different in urban areas versus rural areas. Compliance and maintenance expenditures vary from place to place. Some communities have put a premium on maintaining their systems, while others have put that money into schools and roads and other assets in the community. Additionally, population decreases in major cities cause fewer people to support the same amount of assets.

Ms. Speranza noted that Boston's replacement needs are further out in the future because many pipes have been replaced during the “Big Dig”.

A review of twenty cities was conducted all across the country to draw some conclusions. Affordability can be an issue, based on demographics. A lot of communities have had to

make a choice between compliance needs and infrastructure needs. Do you stretch and try to meet both needs, or do you meet compliance needs and defer infrastructure needs?

GASB Statement No. 34 is a new government finance accounting rule that communities are going to have to comply with, which will reveal deferred maintenance. If they're stretching, weakened credit will hurt bond ratings in a lot of communities. The SRF is part of the answer to that, but it can't be the whole answer because there is just not enough money there. An increasing number of households are spending more and more of their percentage of household income on water and wastewater, which is unfortunate for communities that have a lot of people on a fixed income or a large number of low-income people.

Walter Woods stated that years ago, Public Works was always the budget balancer of a community. Now that there is more money, Public Works has been getting a greater share of the pie, so a lot of the towns are doing more for their infrastructure.

D. COMMITTEE REPORTS

Operations Committee - Andy DeSantis

❖ **PRESENTATION: INFLOW AND INFILTRATION (I/I) TASK FORCE RECOMMENDATIONS** – Jay Fink, Chairman – I/I Task Force; Carl Leone, MWRA; Steve Lipman, DEP and Eric Hall, EPA

Jay Fink stated that the I/I Task Force set out to develop goals and implementation strategies that will reduce infiltration/inflow to optimize local and regional sewer service. The Task Force made recommendations for cooperative implementation of the goals and strategies by local communities, MWRA, DEP, EPA and others. The Task Force was comprised of community representatives, Advisory Board members, DEP, EPA and watershed groups.

Carl Leone stated that I/I consumes sewer capacity leading to back ups and Sanitary Sewer Overflows (SSO). Combined Sewer Overflows (CSO) and SSOs constitute the two highest goals of the Task Force. Another problem identified by the watershed groups is that I/I reduces the amount of water available in watersheds for recharge to rivers, water bodies and wetlands.

The I/I Task Force has seven specific goals. The first four goals are ranked, one being the highest: 1) Eliminating backups. 2) Minimizing, with a long-term goal of eliminating, health and environmental impacts of SSOs. 3) Reducing inflow. 4) Reducing infiltration. Items 5, 6 and 7 were goals deemed so important for I/I reduction that the strategies have separate sections in the report. 5) Public education. 6) Operation and maintenance programs. 7) Funding mechanisms. Under each of the goals there are specific strategies, which identify what should be done by whom and a time frame for implementation.

The Task Force report will be presented next month to the MWRA Board of Directors as an informational presentation. Staff will utilize the new I/I strategies to develop a new MWRA Regional I/I Policy that incorporates the Task Force's recommendations for the MWRA for Board vote.

The Task Force report will also be used as guidance when the new EPA SSO rules, which include Capacity Management Operation and Maintenance (CMOM), become regulations. Eric Hall stated that the SSO rule was drafted by the end of calendar year 2000. The incoming Bush Administration embargoed all new rules, as every Administration does

entering, to review issues that were deemed controversial. Many communities across the country were concerned with some of the rules and background and assumptions in the draft rule.

An overflow from the sewer system under the Clean Water Act is illegal. There are at least 40,000 overflows a year in this country. There has been very little global reaction to overflows except in the chronic, severe cases. This rule is an attempt to balance the need to prohibit the most furious and chronic overflows and temper that with a Capacity Management Operation and Maintenance Program (CMOM) where the communities would develop long-term strategies for system maintenance that would prevent future overflows and deal with the most egregious overflows that occur now.

The SSO rules are something that everyone needs to evaluate. If it only happens very infrequently during extreme rain events, then you may have a defense when EPA comes calling; but if it is a chronic problem, it is something that needs to be worked on.

Al Renzi asked if the Task Force had given any thought to the fact that the concentration of the sewer is getting higher because of low flow toilets and faucets and the removal of the ground water. Mr. Leone stated that the Task Force did not have those discussions, but that he did concur with Mr. Renzi that Framingham's problems with odor and corrosion could be the result of the higher concentration.

John Carroll said one thing that is poorly addressed in this report is unavoidable overflow, such as the June 1998 and October 1996 storms. There has to be a way, in those types of storms, of doing blow offs at relief points in the sewer systems to avoid back ups. Nobody can design a sewer system that is going to handle extreme storm events. There has to be some way to get relief.

Mr. Fink stated that the Task Force looked at overflows and the possibility of developing interim measures to relocate, or otherwise mitigate, the impact of existing overflows on human and natural resources. If a municipality has done everything in its power to deal with chronic overflows, and only has problems in major storms, it is best to tell EPA what the community has done to minimize this overflow from occurring.

Mr. Hall stated that EPA understands, but cannot put in black and white that they will allow a violation of the Clean Water Act. Extreme storm events are not what EPA is concerned about. There are communities across the country where the same spots overflow under normal conditions.

Executive Committee - Joe Foti

❖ LEGISLATIVE UPDATE

Mr. Favaloro stated that staff is scheduled to meet with the Chairman of House Ways and Means next week to discuss debt service assistance. Initial feedback from the House is that there is a willingness to put more debt service assistance into the budget. Since House 1 has been made public, staff has aggressively pushed to get the issue of debt service assistance increases on the table. Staff has already met with the Senate President and with staff members of Senate Ways and Means.

Letters have gone to every community outlining the impacts of reduced debt service assistance. A letter will be sent tomorrow to every Alderman, Selectman and elected official in the sixty communities.

When the final budget is approved by the Authority in June, more than likely the amount of debt service assistance the Authority will receive for FY02 will be unknown. The House Budget is debated in April and the Senate Budget begins discussions around Memorial Day, followed by Conference Committee and the Governor's vetoes. A final debt service assistance allocation may not be known until July.

The remainder of the legislative strategy is on hold since all attention has been diverted to regaining debt service assistance.

❖ **PROCESS FOR MWRA EXECUTIVE DIRECTOR SEARCH**

Mr. Favaloro noted that Doug MacDonald will officially leave the Authority by the end of March and starts his new position as Secretary of Transportation in Washington State by mid April. Mr. MacDonald sent his apologies that he was unable to attend the Advisory Board meeting in person to formally say goodbye. At the last Executive Committee meeting, Chairman Foti presented Mr. MacDonald with a map of the Commonwealth of Massachusetts, which delineated all of the MWRA communities, listing of all the CEOs and designees and a plaque which expressed the thanks of the communities. A party will be held for Mr. MacDonald on March 29th at 5:30 p.m. at the Knights of Columbus in Charlestown.

To date, the Chairman of the Board of Directors, Bob Durand, has not started a formal hiring process for the new Executive Director. That will probably be discussed more on Wednesday, March 21st, when the Board next meets.

Two names have come forward. Fred Laskey, the head of the Department of Revenue for the Commonwealth, has called many members of the Board of Directors, and is actively making members aware of his interest in the position. The other name that has come forward is Vincent Mannering, the head of Boston Water and Sewer Commission and a current member of the Board of Directors.

Finance Committee - Phil Farrington/Katherine Dunphy

❖ **CEB AND CIP BUDGET REVIEW PROCESS**

Cornelia Potter stated that at the end of each week staff has been mailing a memorandum to Advisory Board members to provide additional details on the key elements of the budget review. A draft will be mailed to the Executive Committee in approximately four weeks for their deliberation. On April 20th a draft will be sent to the full Advisory Board for review at the April 26th meeting. The Authority will be holding hearings the same week allowing a chance for comment.

Authority staff has kicked off a series of meetings to bring the proposed capital expense plan up to date. Revised estimates of spending this year are well under \$400 million, which will allow a carry over of over \$100 million. The Authority will reposition those funds largely in FY02 and spread into FY04 and FY05. The cap for FY03 is \$329 million. Staff is in the process of talking with the Authority about the direction of the capital budget, as the CEB review continues. The first year the Authority plans to spend more than \$500 million. Rate

revenue requirements will be around \$400 million, capital financing is near or below \$300 million, direct expenses are approaching \$200 million and non-rate revenue is around \$100 million.

E. QUESTIONS AND COMMENTS

No questions or comments.

F. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 9:00 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary