

**MWRA ADVISORY BOARD MEETING
OCTOBER 18, 2001
WELLESLEY TOWN HALL
525 WASHINGTON STREET, WELLESLEY, MA**

MINUTES APPROVED AT THE JANUARY 17, 2002 MEETING

Nineteen members were present: Philip Farrington, ARLINGTON; Edward A. Maguire, ASHLAND; Guy Carbone, BELMONT; Ed Sullivan, CANTON; Albert Renzi, FRAMINGHAM; J. R. Greene, GUBERNATORIAL APPOINTEE; William Hadley, LEXINGTON; Dana Snow, MARBLEHEAD; Ed Bates, MAPC; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Ted McIntire, READING; Thom Donahue, SOMERVILLE; Jeanne Fleming, STOUGHTON; Silvio J. Baruzzi, SWAMPSCOTT; Michael W. Martello, WAKEFIELD; David Savoy, WALTHAM; Walter Woods, WELLESLEY; Albert Kirk, WILBRAHAM.

Also present: Andrew Pappastergion, MWRA BOARD OF DIRECTORS; George Connelly, MEDFORD; William Brutsch, Carl Leone, Pam Heidell and Steve Estes-Smargiassi, MWRA STAFF; Joe Favaloro, Cornelia Potter, Nathalie Grady and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. WELCOME

Chairman Katherine Haynes Dunphy called the meeting to order at 7:36 p.m. and welcomed everyone to Wellesley.

B. APPROVAL OF THE MINUTES FROM SEPTEMBER 20, 2001

A Motion was made **TO APPROVE THE MINUTES FROM THE SEPTEMBER 20, 2001 ADVISORY BOARD MEETING.** It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR

Joseph Favaloro, MWRA Advisory Board Executive Director, shared his concerns on the state budget and the potential for cuts between \$280 and \$500 million from the FY02 state budget, which is growing toward a potential shortfall of \$1.1 billion. Some significant cuts may need to be made.

D. UPDATE ON MWRA SYSTEM-WIDE SECURITY MEASURES – William Brutsch, Deputy Chief Operating Officer

William Brutsch, Deputy Chief Operating Officer, stated that a meeting was held on September 25th to update communities on security measures being implemented by the MWRA.

MWRA is currently reviewing its emergency response plans. There are two potential threats to the system: physical destruction, which is of the most concern; and chemical or biological

contamination of the water supply. The Authority is monitoring the water every day. It would take a great amount of chemicals to do harm to the water supply because of the dilution in the vast amounts of water. The larger threat is an infrastructure assault or interference with system connections.

Mr. Favaloro asked if a filtration plant would reduce the risk if someone were successful in getting chemicals into the water supply. Mr. Brutsch stated that it would depend where the chemicals were introduced. Upstream filtration would be helpful, but downstream it would not, and it would be the same for ozonation and chlorine. The Quabbin Reservoir would require enormous amounts of pollutants to have any effect.

There was a concern after two small aircraft flew over the Quabbin Reservoir, which caused the Authority to shut the Quabbin down and run additional tests to verify that nothing had been dropped from the aircraft. MWRA is currently working with the FAA to limit flights over the Reservoir and asking airports to advise airplanes to avoid the Reservoir.

Facilities are being patrolled and the State Police are posted at main gates. The National Guard relieves the police on second and third shifts. In addition, the National Guard is posted at the Wachusett Reservoir, Cosgrove Intake, dams, Norumbega, shafts, etc.

Prior to September 11th, MWRA hired a security firm, which made recommendations on MWRA's security. The Authority has asked the security firm to go back and review those recommendations and determine whether those recommendations would change in light of September 11th. The Authority has also hired Metcalf and Eddy to look at the water system as a whole to find weaknesses and to make recommendations for improvements. Additionally, the Executive Director is considering whether to hire an adviser from a separate security firm.

MWRA is already developing a Security Plan that is directed for vandalism and theft. An Emergency Steering Committee is reviewing response plans for emergencies. MWRA has developed working relationships with the State Police and FBI and has had meetings prior to September 11th with the FBI and National Guard. This past Tuesday the Authority participated in a New England Task Force consisting of the FBI, Secret Service, Coast Guard, U.S. Marshal Service and State Police to look at facilities around New England. There have been no specific threats to the MWRA.

A year ago MWRA brought in a risk panel that looked at areas to make recommendations on risk analysis. There was no advance warning of the September 11th attacks; however, an alert notification was delivered very quickly. MWRA opened its Emergency Operations Center to coordinate with the Massachusetts Emergency Management Agency and the Metropolitan District Commission. Thus far, the FBI reports that threats have been general in nature. As a result of the September 11th events, Fred Laskey, MWRA Executive Director, has developed a task force that Mr. Brutsch is heading for an ongoing review of security and emergency preparedness.

There is no practical way to sample for every possible contamination threat; therefore, MWRA is monitoring customer complaints and health concerns and is working with the Department of Public of Health.

Al Kirk asked if there has been a higher state of alert on the Chicopee Valley Aqueduct (CVA) end of the system since the CVA communities receive the water first. Mr. Brutsch responded that the first customer to receive water is nine hours downstream. The actual facilities are only staffed during the day, but are monitored 24 hours/seven days a week from the Cosgrove facility. There is an early warning monitoring system.

If there were chemical, biological or physical destruction done to the system, MWRA would have to activate a backup system. The Sudbury Reservoir is capable of feeding the Boston area through the Old Sudbury Aqueduct via Chestnut Hill and also through the Weston Aqueduct. An emergency pump station below ground in Chestnut Hill has recently been completed and the Spot Pond Pump Station has been renovated. The water could only be used for fire protection and sanitary use, not for consumption.

The Authority has taken the heightened state of alert very seriously and has increased security to its infrastructure and closed its facilities to the public. All tours of MWRA facilities have been deferred. The risk is low, but there are no guarantees. MWRA will continue to monitor water quality and is trying to obtain a more real-time water-quality monitoring unit.

David Savoy asked if the small community systems are more susceptible. Steve Estes-Smargiassi responded that community systems are probably less of a target than a large system.

J. R. Greene stated that being from the Quabbin area, residents understand the need to close the dams, dikes and intakes, but feel that restricting foot traffic is an overreaction.

Mr. Brutsch stated that MWRA responded to the September 11th incident by placing jersey barriers to prevent vehicle access; locking down the dams and controlling access to its facilities. The Authority is planning to open portions of its facilities with reasonable security, but will continue to limit vehicle access. Mr. Greene stated that people understand limiting vehicle access, but if the MWRA can open up to the deer hunters, why not open to the hikers?

Ms. Dunphy asked what security would be in place if the state stops providing the security and what plan, if within the country there was harm done to a water system, does MWRA have to reassure the people of Massachusetts. Mr. Brutsch stated that MWRA is developing a working relationship with public health departments to give advice. As far as coverage, the State Police are the MWRA's policing agency by legislation.

Guy Carbone asked how feasible it is for someone to contaminate the water. Mr. Brutsch stated that chemicals are a relatively low risk to the water supply. It would take boxcars of chemicals to do any harm. Biological contamination is possible, but not probable.

Mr. Favaloro stated that every document and map that MWRA creates becomes a public record, allowing people to obtain maps to know where to attack the system. Is there anything that can be done to make records less public? Mr. Brutsch stated that the Authority is not releasing items that enhance the vulnerability of the system. The Authority is willing to go to court over this. Staff doesn't think that a judge will say that facility plans come under the Freedom of Information Act. The MWRA has removed maps and items that are viewed as too sensitive from its web site.

E. COMMITTEE REPORTS

Executive Committee - Katherine Haynes Dunphy

❖ **LEGISLATIVE UPDATE/STATUS OF STATE BUDGET**

Mr. Favalaro stated that the FY02 state budget needs to be established by November 21st because of a rules change for this legislative year. The Governor has ten days to veto items within the budget, therefore the Legislature should have its portion of the budget finalized by November 10th.

At the last Board of Directors' meeting, a discussion was held related to the MDC Watershed Division (Division). The Board has invited the Division to attend the December Board meeting for discussion on the program budget. Additionally, Secretary Durand suggested moving control of the Division to EOEА in conjunction with DEM and the Water Resources Commission. Mr. Favalaro stated that it doesn't matter if the Division is under MDC or EOEА, all the Advisory Board has asked for is accountability to ratepayers.

❖ **SYSTEM EXPANSION**

Mr. Favalaro stated that the System Expansion Committee met a week ago at the Advisory Board offices with 12 communities in attendance. Ms. Dunphy will chair the Committee. There is still ample opportunity for communities to participate with the Committee to better define or alter some of the policies. The October 23rd meeting agenda will center on revisiting the Mission Statement and there will be a presentation on NPDES and outstanding issues on the wastewater side. At the November 13th meeting, water issues will be discussed. Participation is welcomed and warranted.

Cambridge is currently using MWRA water due to a series of events that occurred within the past two weeks. A fire at a power plant in Everett caused a power surge, which subsequently led to electrical problems within the new Cambridge Water Treatment Plant. The treatment plant was flooded and will be down for at least the next month. MWRA expects Cambridge rates to be \$10,000 per day, or \$300,000 a month, in unanticipated revenue.

Operations Committee - Andy DeSantis

❖ **MUNICIPAL RESPONSE ENFORCEMENT PLAN**

Mr. Favalaro noted that at a previous Advisory Board meeting the TRAC department came to discuss the Municipal Response Enforcement Plan. One issue brought forward by John Carroll was the reporting of overflow events. As part of the original response plan, every community had to report every overflow event to the Authority over and above the other agencies that they have to report to. After further discussion, MWRA has removed that requirement from the enforcement plan.

❖ **PRESENTATION: LOCAL PIPELINE ASSISTANCE PROGRAM – Carl Leone, Senior Program Manager, Operations Planning**

Carl Leone, Senior Program Manager – Operations Planning, stated that the Operations Committee is in favor of a couple of recommendations for changes in the criteria for the Local Pipeline Assistance Program, which provides interest-free loans to all of the MWRA's water communities via a targeted at \$25 million a year program over ten years.

Staff wants to ensure that communities have the information needed to make appropriate choices on how to spend the money. The loan program began in August 2000. After five

quarterly distributions, 14 communities have taken \$17 million, primarily for water pipeline replacement and cleaning and lining projects. Two recommendations will be brought to the Board of Directors in November: 1) increase the amount for communities that have lower funds sooner rather than spreading out over 10 years. Communities that have less than \$500,000 would be able to take \$500,000 a year but not more than their allocation. 2) The appropriation of funds for Lynnfield, which discovered 2.8 miles of unlined pipe after allocations had been made (\$32,000 per year, \$320,000 over 10 years). Staff recommends adding \$320,000 to the \$250 million, rather than reallocating the \$250 million.

Mr. Favaloro expressed surprise that only \$17 million has been distributed and requested feedback from the communities on why they did not participate. What would make the program work more efficiently? Mr. Leone stated that some communities with fewer dollars are waiting until they have a bigger pot.

David Savoy stated that Waltham had a problem with the flushing program, which is part of the requirements. Waltham doesn't get calls and complaints on water quality and would be required to fix something that isn't broken.

Mr. Leone noted that MWRA does have baseline requirements, for which recommendations can be made for reconsideration. The Authority plans to speak with every community. If communities are not going to spend the \$250 million budgeted on the program, staff wants to provide that feedback to the Board of Directors.

Dana Snow stated that from Marblehead's perspective, there was initially \$50 million of state money going into the pot, which would provide a grant component. Without the grant component, it does not make sense for Marblehead to take out loans for a project, when it ordinarily works on a cash basis.

Silvio Baruzzi asked if there was a plan to reallocate the unused funds. Mr. Leone stated that the plan was to go back to the Board after five years for a review.

Mr. Leone stated that the Local Pipeline Improvement Program is a community program. If improvements can be made, MWRA will tweak the program along the way and bring this information back to the Board.

Finance Committee - Phil Farrington

❖ **UPDATE: CIP AND CEB**

Cornelia Potter reported that Advisory Board staff has completed the fall series of budget review meetings with the Authority staff. As the first quarter of FY02 came to a close, staff has begun working with each of the divisions throughout the agency, holding 15 to 20 meetings over the last three weeks. Authority staff has a very useful and helpful system in providing the Advisory Board with materials.

Advisory Board staff has begun to talk to MWRA staff regarding patterns of spending that have already begun to show. The briefings summarized variances that occurred in FY02, and staff is already getting a prelude of preparation for FY03 current and capital budgets. Direct expense spending for this fiscal year is expected to be lower than actual spending in the last two years. However, spending increases for energy related costs, especially electricity and marine research, as required by the NPDES permit, are putting increasing

pressure on the CEB this year, as well as security related costs and increases in pension insurance costs.

Spending for the current expense budget through September, the first full quarter, is \$2.8 million (2.4%) below the amount budgeted. One contributor is the later than planned bond issues which the Authority completed just in the last week of September. While debt service is lower, the later borrowing works against the Authority in terms of earnings on the investment portfolio.

On the capital side, spending for the first quarter came to \$93 million, which is nearly \$27 million less than the \$120 million budgeted, for a variance of 22%. Most of the below budget variance is due to later CSO reimbursements to Boston and Cambridge, as well as lower distributions for the I/I and water programs. If you take those three categories out, capital spending is closer to 4 to 5% below budget.

In terms of budget preparation for next year, the Authority is already well into the process of putting together its initial draft requests for FY03 and is putting together options for refinancing at lower interest rates, as well as restructuring existing debt.

Capital spending accounts for nearly 50% of the entire CEB. One of the biggest influences in preparing next year's budget is capital debt. The Authority is working to contain direct expense spending and staffing levels are already at or just below 1,528 filled positions (this year's target in the final budget. The Advisory Board had recommended that the Authority reduce its level from the 1,540 that had been in the proposed FY02 budget and the MWRA has already achieved that goal as of September.

Opportunities for restructuring existing debt are going to be an important feature of this year's budget discussion and next year's proposed budget.

F. QUESTIONS AND COMMENTS

G. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 9:14 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary