

**MWRA ADVISORY BOARD MEETING
MARCH 21, 2002
WELLESLEY TOWN HALL
525 WASHINGTON STREET, WELLESLEY, MA**

MINUTES APPROVED AT THE APRIL 25, 2002 MEETING

Nineteen members were present: Phil Farrington, ARLINGTON; E. A. Maguire, ASHLAND; Charles P. Barry, BROOKLINE; Albert Renzi, FRAMINGHAM; Ralph Pecora, LEXINGTON; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLEHEAD; Laird Walsh, MEDFORD; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Stanley Stanzin, NEEDHAM; Ted McIntire, READING; Thom Donahue, SOMERVILLE; Silvio Baruzzi, SWAMPSCOTT; Walter Woods, WELLESLEY; Earl Forman, WESTON; Tim Walsh, WESTWOOD; Daniel Annaccone, WEYMOUTH; Robert Antico, WILMINGTON.

Also present: Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Fred Laskey, Carl Erickson, Pam Heidell and Ron Joseph, MWRA STAFF; Joe Favaloro, Cornelia Potter, Ryan Ferrara, Nathalie Grady and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. WELCOME

Chairman Katherine Haynes Dunphy called the meeting to order at 7:30 p.m. and introduced Advisory Board member Walter Woods, who welcomed everyone to Wellesley.

B. REPORT OF THE EXECUTIVE DIRECTOR

Joe Favaloro, MWRA Advisory Board Executive Director, stated that the term for John Carroll's seat on the MWRA Board of Directors expires on June 30, 2002. The Advisory Board plans to hold an election for this seat at the April 25th meeting in Canton. Letters of intent and resumes will be accepted through April 16th. The Executive Committee will act as the Nominating Committee and hold interviews at its April 19th meeting. To have a valid election, 33 communities need to be present at the Advisory Board meeting as a quorum is required.

Staff is planning to issue a questionnaire to determine Advisory Board members desires for meeting schedules for FY03. Currently, the Operations Committee meets monthly, the Finance Committee sends mailings from January to June on a regular basis, and Advisory Board meetings are alternated between a mix of day and evening meetings. In the questionnaire members may express ideas or preferences for all day meetings or all evening meetings or a mix of both day and evening meetings.

Approximately 129 MWRA employees opted for early retirement; 61 have already left and the remaining employees have the option to retire or stay until June 30. At the June Advisory

Board meeting, a list of retirees will be presented and certificates of appreciation will be provided.

At the April 25th Canton meeting, Stoughton will provide an updated presentation on its application for acceptance into the MWRA water system. Stoughton believes that it will get Water Resources Commission approval in early May, with hopes to be before the Operations Committee and full Advisory Board for a vote in May.

On April 11th, the Operations/System Expansion Committees are scheduled to hold a joint meeting. At the Operations Committee meeting, Michael Hornbrook, MWRA's Chief Operating Officer, will speak about the regulators asking MWRA to do local maintenance of sewer systems. This is an important discussion as it relates to how communities operate their systems and who is going to dictate how communities operate their systems.

C. PRESENTATION: MWRA – WHERE WE ARE, WHERE WE ARE GOING

Fred Laskey, MWRA Executive Director, noted that 129 people have filed for early retirement, although some may opt not to retire. The Board of Directors has imposed a 20% back fill based on a dollar limit, as opposed to a headcount limit, in replacing some of these positions. Once the total salaries of those retired are tallied, 20% of that value is what MWRA can back fill. From a management point of view, MWRA will face serious challenges in replacing personnel. For example, key personnel from western operations on the water side have retired, as well as the three of four top people in Southborough. A report will be provided to the Advisory Board detailing what MWRA has done with personnel and why. The biggest challenge is on the water side in the ramping up of the new water treatment facility.

MWRA serves 2.5 million customers in 61 communities. On an average day MWRA delivers 250 million gallons of water into the metropolitan area. On a peak day, in hot weather, MWRA can go up to 350 million gallons a day (mgd).

MWRA will transport and treat 350 million gallons of sewage that comes to Deer Island. On a stormy day, the capacity of Deer Island surges to 1.2 billion gallons, which is the design limit of the plant. That limit has been reached on several occasions and it has functioned very well.

The Authority is about two-thirds through the \$7.5 billion capital program and is slated to spend over \$400 million this year.

This past November, a letter was sent to the federal court notifying it that MWRA had accepted the final contract at Deer Island and that the Boston Harbor Project was complete. The project took 15 years and cost nearly \$4 billion. The quality of the water in Boston Harbor is dramatically improved. The Outfall tunnel is performing very well. MWRA is shipping sludge to Quincy where it is recycled and made into fertilizer and taken away in railcars. In the not too distant future, the sludge will be pumped to Quincy, and barging will cease.

The CSO program is well along and MWRA has many success stories. Total discharges have been reduced from just under 3 billion to somewhere just over 1 billion on an annual basis. The budget right now is \$580 million. Discharges into the Charles River have been reduced by over 80%. MWRA has eliminated all the CSO discharges into the Neponset River and Constitution Beach. Reductions on the Alewife Brook and the Mystic River are also well along, but there is still a long way to go.

The North Dorchester Bay/Reserved Channel CSO Project has a price that ranges up to \$250 million. MWRA wants to take a serious look at all of the issues that are involved in this project because stakes are high. MWRA staff has made it clear to Robert Varney, EPA's Regional Administrator, that it would be a public policy disaster to spend \$250 million in Dorchester and still have the beaches closed.

Similar discussions are underway on the Alewife Project. MWRA is participating with Cambridge in a \$75 million project to eliminate 85% of the CSO discharges into that waterway. An additional \$75 million is needed to get rid of the remaining 15%. Is it worth it? Why is the price tag going up so much? What are we getting for that price? The Authority's goal is to make sure that the right decision is made based on sound data.

The Braintree-Weymouth Relief Facility is the MWRA's largest sewer interceptor project and is one of the more expensive projects per ratepayer or per person served. It is an attempt to address a series of storm overflows in the Braintree-Weymouth area because the system is undersized. The flagship of the project is a 2.7 mile, 13-foot diameter deep rock tunnel that is 250 feet below the surface. It is 98% complete at this point. When this project is finished, sludge will be pushed across from Deer Island in a pipe, which will provide MWRA with savings and a more reliable mode of transmission.

The Integrated Water Supply Improvement Program includes many different facets. At \$1.7 billion, it is the single largest investment in the water system since building the Quabbin Reservoir. The program includes protection of the watersheds and the ozonation treatment plant.

The MetroWest Tunnel is an 18-mile tunnel that runs from Marlborough to Weston that will replace and provide redundancy to the Hultman Aqueduct. This is the only major metropolitan area in the United States that has a single barrel Aqueduct as its main source of water. The tunnel is 300 to 400 feet below the surface. In light of September 11th, this is an incredible advantage. The entire project is probably the single best investment that could be made in security. Open reservoirs and surface aqueducts are being replaced with a deep rock tunnel and covered storage.

Shifting from the current system to the new system is going to be a logistical and management challenge as MWRA does not have the ability to interrupt the service. The Cosgrove Tunnel will have to close down and be replaced with the rehabilitated Wachusett Aqueduct that hasn't been used in about 50 years.

The Norumbega Covered Storage tank will be the single largest storage tank in the United States at 115 million gallons and will be one of seven covered storage tanks throughout the MWRA district. Three are completed and online. MWRA is seeking design/build legislation for the Blue Hills and the Spot Pond tanks. The quality of the water and the environmental concerns drove this project. After September 11th, the significance of the security leap-frogged the other concerns.

Despite the fact that since August rainfall is 65% below normal, the Quabbin and Wachusett Reservoirs remain at 83% full, which is only slightly below the normal range.

The enormity of the reservoirs and the complexity of the system have provided a great security advantage. It is virtually impossible for someone to contaminate the Quabbin Reservoir due to its size. However, there is concern about a general attack or threat to the physical plants, tanks and aqueducts. MWRA has taken steps to guarantee the safety of the water including welding all the access hatches to the Hultman Aqueduct, putting massive steel plates over the top of the airshafts at Quabbin Aqueduct and limiting access to aqueducts with over 300 jersey barriers. New gates have been installed and MWRA is in the process of installing cameras and security equipment and rechecking and updating the alarms. The Authority has made numerous common sense investments that limit access to the various facilities to prevent someone from compromising the system.

Additionally, alarms have been set to alert for rapid changes in water quality. The alarms will sound immediately if there is any change in the make up of the water. The Authority is part of the National Infrastructure Network and receives daily updates from the federal government on security risks.

The Authority planned to utilize \$13.3 million of rate stabilization funds and propose to the Advisory Board a 3.5% rate increase, dependent on full funding from the state treasury subsidy. The governor cut \$20 million from the debt service assistance line item and recommended that MWRA dip into the rate stabilization fund to hold the rates down. The Authority is limited in its ability to use the rate stabilization fund and the \$20 million cut translates into an \$18 million cut for MWRA, and \$18.8 million if the entire cut were shifted to the ratepayers. The Board of Directors has submitted the Current Expense Budget to the Advisory Board with two rates. The MWRA Legislative Caucus wrote a strongly worded letter to the two Ways and Means Committees urging restoration of the funding.

The FY03 budget that MWRA proposed to the Advisory Board in February is less than actual spending in FY99. One of the key areas in keeping the spending down is personnel. In an effort to make things more efficient, both water and sewer personnel were combined from nine or ten different satellite locations and consolidated into one location at the new North Maintenance Facility in Chelsea.

Private water companies come around in the down economic times and claim that they can cut costs. The savings can be boiled down to saving money in four cost centers. First is personnel for which MWRA has shown its track record and ongoing efforts to become more efficient through the use of technology and aggressive management.

Private companies say that they can save money on chemicals because they buy in bulk. MWRA has the second largest sewage treatment plant in the country and is a bulk buyer. The Authority recently rebid the hypochloride contract for a savings of \$1.4 million.

Private companies talk about savings on utilities. The MWRA is into the private electricity market and is saving \$200,000 a month on electricity bills. Additionally, MWRA is in discussions with Duke Energy, which is running a gas pipeline offshore from the north shore to the south shore. MWRA is in aggressive discussions for the potential of running the pipeline under Deer Island and through the port of Boston. This would allow MWRA the option of going with diesel or natural gas (depending on cost) to burn its boilers.

Mr. Stanzin asked if the Authority still pays for a secure landfill out west. If so, do we use it and how much does it cost? Mr. Hornbrook replied that MWRA pays over \$800,000 as a reservation fee and has used the landfill occasionally when the sludge was not able to meet land application regulations or had other problems. MWRA is required to have a backup landfill for its pelletization plant.

D. **COMMITTEE REPORTS**

Finance Committee - Phil Farrington

❖ **DISCUSSION: FY03 ADVISORY BOARD CEB REVIEW PROCESS**

Cornelia Potter stated that staff is four weeks into its 60-day review period. An update on the budget will be mailed virtually every week discussing a major topic or an update on spending or indications of patterns of spending.

Particular attention will be paid to direct expenses where so much of the traditional variables have been and continue to be a major focus of staff's review.

With each year, the Advisory Board review continues to emphasize more and more the role of debt service, not only the connection to the capital budget and the expectation of new borrowings, but whatever options the Authority may have in the future. Staff is rethinking how to structure the current outstanding debt, which is such a dominant feature of the Authority's budget. The Authority has indicated that it is taking advantage of some new refinancing techniques. There are call provisions coming due as the Authority nears the ten-year mark of each of the borrowings that occurred in 1993 and thereafter.

Executive Committee - Katherine Haynes Dunphy

❖ **LEGISLATIVE – STATUS OF DEBT SERVICE ASSISTANCE**

Mr. Favalaro stated that the ability to restore debt service assistance is unclear and may end up being less successful than hoped for. Discussions are underway in the Legislature about stopping the tax rollback, increasing the auto excise tax and other tax proposals. How all these other pieces turn out may determine if debt service assistance will be restored.

Strategy that staff is implementing is to bring forward all of those other pieces of legislation that are less financial in nature that will not cost the Commonwealth money and would provide the MWRA/ratepayers a benefit.

Operations Committee - Andy DeSantis

❖ **SYSTEM EXPANSION COMMITTEE UPDATE**

The System Expansion Committee continues to work through some language differences between the Authority and the Committee on the wastewater side and is hopeful that the language will be accepted at the April 11th meeting.

On the water side the discussions relate to surcharges and standby fees. The Committee hopes to have a report before the end of this fiscal year.

Walter Woods urged more participation from Advisory Board members with the System Expansion Committee to get a consensus opinion, rather than the view of a few.

❖ **OPERATIONS COMMITTEE UPDATE**

As previously noted, the principle topic of the next Operations Committee meeting will be a discussion on MWRA/local systems and the potential for new requirements from regulators.

E. QUESTIONS AND COMMENTS

F. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 8:59 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary