

**MWRA ADVISORY BOARD MEETING  
SEPTEMBER 19, 2002  
NEWTON FREE LIBRARY AUDITORIUM  
330 HOMER STREET, NEWTON CENTRE, MA  
MINUTES APPROVED AT THE OCTOBER 17, 2002 MEETING**

Twenty-seven members were present: Edward Maguire, ASHLAND; John Sullivan, BOSTON; Charles P. Barry, BROOKLINE; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; J. R. Greene, GUBERNATORIAL APPOINTEE; William Hadley, LEXINGTON; Bruce Kenerson, LYNNFIELD; Ed Bates, MAPC; Dana Snow, MARBLEHEAD; Lenny Riley, MEDFORD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Jay Fink, QUINCY; Ted McIntire, READING; Rod Granese, REVERE; Silvio Baruzzi, SWAMPSCOTT; Richard Testa, WAKEFIELD; David Savoy, WALTHAM; Walter Woods, WELLESLEY; Earl Forman, WESTON; Al Renzi, WESTWOOD; Albert Kirk, WILBRAHAM; Michael Woods, WILMINGTON; Elizabeth Cregger, WINCHESTER.

Also present: Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Ralph Pecora, LEXINGTON; Bob Rooney, NEWTON; Don McCabe, WALTHAM; Robert Antico, WILMINGTON; Eileen Simonson, WSCAC; Fred Laskey, Michael Hornbrook, Richard Trubiano, Pam Heidell, Marcis Kempe, Ken Wissman and Paul Gobell, MWRA STAFF; Joe Favaloro, Ryan Ferrara and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**A. WELCOME**

Chairman Katherine Haynes Dunphy called the meeting to order at 11:43 a.m.

**B. APPROVAL OF THE MINUTES FROM JUNE 20, 2002**

A Motion was made **TO APPROVE THE MINUTES FROM THE JUNE 20, 2002 ADVISORY BOARD MEETING**. It was seconded and passed by unanimous vote.

**C. REPORT OF THE EXECUTIVE DIRECTOR**

Joseph Favaloro, MWRA Advisory Board Executive Director, stated that thus far 68% of the Water and Sewer Retail Rate Surveys have been returned by the communities. Once staff has received all the Surveys, the data will be entered to complete the book, one of the Advisory Board's most requested documents, for mailing in November.

The Commonwealth's July revenues are down \$10 to \$15 million and August just under \$50 million, with September's figure unknown. The Governor has asked her department heads to reduce the State's Budget for FY03 by another \$200 million.

Staff has asked the Romney and O'Brien campaigns to come before the Advisory Board or provide their position papers on critical issues on water and sewer, the State Revolving Fund and debt service assistance. Staff will provide the Legislative Agenda in October for a November vote.

The MDC Division of Watershed Management (DWM) budget has been reduced significantly. With a hiring freeze, contract freeze and spending freeze, it will be difficult for DWM to spend the resources it has, causing the potential for MWRA to be in non-compliance.

**D. PRESENTATION: IMPACT AND POTENTIAL PLAN OF ACTION TO THE LOSS OF DEBT SERVICE ASSISTANCE – Fred Laskey, MWRA Executive Director**

Fred Laskey, MWRA Executive Director, stated that in February the MWRA released preliminary numbers that ranged from 3.5% to 8.8% rate increases for FY03, depending on whether debt service assistance funding was restored. In June, confident that the Governor's veto could be overridden, the MWRA Board of Directors approved a rate increase of 2.9%.

Debt service assistance was expected to be funded at \$55.5 million. With a reduction to \$38.6 million, the Authority will receive \$32.9 million, leaving a deficit of \$14.3 million for FY03. This is the first time that the Commonwealth hasn't met its commitment to this program since it began in 1995.

The Governor instructed the Authority to use its reserves to make up the cut. From adjustments made since June 30, MWRA picked up some ground through swap rate of interest, payment of Stoughton's entrance fee, a reduction in the DWM budget (reduced by the Legislature) and Clinton's FY02 payment being credited in FY03, leaving the Authority with an \$11.4 million deficit.

The Board of Directors instructed staff to provide recommendations to cover this deficit, which will be submitted to the Advisory Board for review. Through aggressive financing moves, MWRA picked up \$2 million. MWRA had an FY02 surplus of \$4.7 million that would have been rolled into the rate stabilization fund, but the Authority decided to apply these funds for FY03. Another \$3 million was gained from positions that were not back filled. Further, a wide range of small cuts were made cross the board, including the delay of computer purchases, deleting \$50,000 for snow plowing at Deer Island and reductions in vehicle purchases, training and out of state travel. A number of these cuts were Advisory Board recommendations and were initially rejected.

A positive thing in the long term is that the Authority has been disciplined in reducing its own spending. Spending for FY03 is substantially lower than actual spending for FY98. The largest area of savings is staffing. MWRA has systematically reduced the number of filled positions through aggressive restraint on back filling, the use of technology to automate systems, cross training and cross functionality.

Changes of this magnitude are stressful and problematic. Currently, the Authority has 1,385 employees and there are shortages in some areas – electricians, SCADA operators, technical people – staff needed for day to day operations. Black and Veatch projected staffing levels for FY03 of 1,467. MWRA is well below that recommendation and is heading toward the FY04 goal. This stress on staff will impact MWRA and, potentially, the communities.

In looking toward the future, MWRA has reinstated the CIP Review Committee to revisit the ten-year spending cap. There has been vigorous disagreement on how the cap should work between MWRA and Advisory Board staffs.

MWRA has consolidated nine different satellite operations and will work closely with the Advisory Board to aggressively pursue the restoration of debt service assistance. In a \$22 billion budget, \$14 million is a relatively small figure. The most obvious potential impact is on the rates, possibly requiring a retroactive rate increase. MWRA has a good working relationship with member communities and has been responsive to their needs. Mr. Laskey stated that the message he needed to convey is "that MWRA is not an endless pit and cannot continue to just absorb these

increases without impacts to the services we provide and without substantial rate increases next year. I want to urge you to work with your legislators and municipal officials to get this money restored. MWRA may have cushioned the impacts this year; further cuts will have a substantial impact.”

Walter Woods asked if there were a further reduction of state assistance, could the rate increases reach 11 or 12% next year? Mr. Laskey responded that the rate increases could be 8 or 9%; coupled with the communities’ increases, this might result in double digit increases.

The Authority has built a budget plan based on a predictable level of assistance from the Commonwealth. The Authority has a huge capital-spending program, with 60% of its budget going to make the mortgage payments on those projects. The ten-year plan was based on the predictability of the state’s contribution. Shortfalls will need to be accounted for. This is an ominous situation.

Mr. Laskey stated that MWRA does have reserves; however, the rating agencies strongly urge that MWRA stay the course in using those reserves in a predictable, rational way to show a longer-term plan. Using these funds all at once could lead to substantial financial penalties and cost more in the long run.

Rod Granese asked if consumers are calling to seek advice on how to save water and will there be reductions in these types of services. Mr. Laskey responded that hundreds of calls were received from Revere when Howard Hughes of the Revere City Council mentioned these water saving devices on TV. The Authority hopes that these programs would not have to be eliminated or reduced; however, if the options were an electrician needed to keep Deer Island running or \$50,000 for showerheads, MWRA would probably opt for the electrician. Mr. Laskey emphasized the need to ensure that municipal officials are aware of the impact of 11% increases.

Jay Fink noted that MWRA is paying debt for Deer Island, which was to clean up Boston Harbor as a result of lawsuits from the government to the state, to MDC, etc. Does the state have any obligation to provide debt service assistance? Mr. Laskey responded that the Commonwealth does not have a legal obligation, but you could argue that it has a moral obligation to maintain its commitment to the MWRA and the 79 other communities affected.

Bob Rooney of Newton noted that MWRA’s revenue stream comes from selling water and treating sewage, yet its programs for leak detection and I/I removal are operating at odds with each other. If MWRA is not at full capacity at Deer Island and its tunnels aren’t full because of decreases in consumption, isn’t MWRA contributing to the revenue income problem? Mr. Hornbrook stated that there are other goals achieved. MWRA does leak detection to try to save capacity at the reservoirs to serve future needs and to avoid capital costs in the future for additional pressure and service. Fixed costs remain the same, but MWRA can avoid costs in other areas.

Lenny Riley of Medford asked if it would be possible to leave the Somerville lab at its current location. Mr. Hornbrook stated that MWRA is considering surplus that property. The plan was to move the Somerville lab to Chelsea. However, recently the Authority has been considering whether it would make more sense to move the lab to Deer Island, rather than building a new lab at Chelsea, because it has one of the largest labs on the east coast at Deer Island to do testing. Mr. Laskey indicated that a drop-off program in Chelsea or Charlestown might be possible.

E. **COMMITTEE REPORTS**

**Executive Committee** – Katherine Haynes Dunphy

❖ **ACTION ITEM: FY03 EXECUTIVE COMMITTEE**

The following slate was submitted by the Nomination Committee for consideration by the full Advisory Board:

<b><u>Chair:</u></b>	Katherine Haynes Dunphy, Milton
<b><u>Vice Chair of Finance:</u></b>	Phil Farrington, Arlington
<b><u>Vice Chair of Operations:</u></b>	Jay Fink, Quincy
<b><u>Secretary:</u></b>	Edward Sullivan, Canton
<b><u>Treasurer:</u></b>	Guy Carbone, Belmont
<b><u>At-Large:</u></b>	Bernard Cooper, Norwood
	Andrew DeSantis, Chelsea
	William P. Hadley, Lexington
	Timothy MacDonald, Cambridge
	Edward D. McIntire, Jr., Reading
	Albert Renzi, Jr., Framingham
	Dana Snow, Marblehead
	John Sullivan, Jr., Boston
	*Lou Taverna, Newton
	Walter Woods, Wellesley
	(2) Vacant

\*New member for FY03.

A Motion was made **TO ADOPT THE PROPOSED FY03 MEMBER SLATE AS THE FY03 EXECUTIVE COMMITTEE**. It was seconded. There being no nominations from the floor and no discussion, a vote was called. It passed unanimously.

❖ **ACTION ITEM: SIX-MONTH EMERGENCY WATER CONNECTION FOR DEDHAM-WESTWOOD WATER DISTRICT**

Mr. Favaloro reported that two months ago Dedham-Westwood Water District requested an emergency 30-day water connection because of impacts on its wells. Subsequently, Dedham-Westwood requested an additional six months, triggering the System Expansion Policy. The Board of Directors approved the connection yesterday, contingent upon approval by the Advisory Board. Eileen Simonson of the Water Supply Citizens Advisory Committee (WSCAC) stated that Well No. 5 is now back on.

A Motion was made **TO APPROVE A SIX-MONTH EMERGENCY WATER CONNECTION FOR DEDHAM-WESTWOOD WATER DISTRICT TO THE MWRA**. It was seconded and passed by unanimous vote.

❖ **ACTION ITEM: RECOMMENDED CHANGES TO THE SYSTEM EXPANSION POLICY**

Ryan Ferrara noted that the final report of the recommendations of the System Expansion Committee will be complete within a month and will include the policy changes and a summary of meeting notes.

A Motion was made **TO APPROVE THE RECOMMENDED CHANGES TO THE SYSTEM EXPANSION POLICY FOR SUBMISSION TO THE MWRA BOARD OF DIRECTORS**. It was seconded and passed by unanimous vote.

**Operations Committee** – Jay Fink

❖ **PRESENTATION: WASTEWATER METER REPLACEMENT PROGRAM** – Richard Trubiano, Director of Field Operations

Richard Trubiano, Director of Field Operations, stated that the Wastewater Meter Replacement Program is a high priority of the MWRA that will require input from the communities.

There are approximately 200 ADS meters in MWRA's system that have been in place for ten years and collect operational flow data for rates. Currently, the performance of the meters meets MWRA's goals. In 2001, due to some major storms, there were performance issues with these meters, which were brought back into line. The technology is 15 years old and exists in a corrosive sewer environment. It requires increasing amounts of parts to be purchased, which are becoming increasingly hard to find. The system is based on the old DOS computer system.

The Authority has established a \$5 million Wastewater Metering Project in its capital budget. The current plan is to advertise the project this fall and have a vendor in the spring of next year to begin the replacement process. There are some extremely complex issues involved; there are technical issues with meters, procurement issues and data transition issues.

The major issue for the communities is how to transition from the old system to the new metering system. Two systems must be renovated at once. Meters have to be relocated and certified for operability. Differences in flow are anticipated. MWRA must work closely with the communities during this transition process. What do we adjust retroactively for flows over the years and how do we phase in these flow changes?

Staff is putting together a Request for Proposals (RFP) to be advertised next year and will include MWRA's expectations for accuracy of the meters. MWRA will determine if teams of vendors and types of meters to be used and settling on a technology, whether it is wireless or hard-wired. The procurement process is going to be value based, not low bid, and will look at several criteria – cost, accuracy, reliability and experience with the vendor. Weighted criteria will be the basis for selecting the vendor. A Selection Committee will be formed, including people from outside the agency. The Advisory Board will play a role in this process. Communities will be solicited for opinions on how best to handle this transition. It is a major process and a Blue Ribbon Commission to make the final endorsement.

MWRA will continue to obtain input from internal staff, as well as interested outside parties, and other technical people.

David Savoy asked if the Authority plans to pick communities to test the meters. Mr. Trubiano replied that MWRA intends to do an accuracy test as part of the procurement at Alden labs. MWRA will not pick individual communities, but testing procedures will be implemented at every installation site.

Mr. Fink requested that rather than wait until the end of the process, MWRA should involve the communities and the Advisory Board within the RFP process before anything goes out the door. Perhaps a forum to do that might be the Operations Committee where interested parties can be involved as the process goes along. Mr. Trubiano agreed to speak with Mr. Fink and Mr. Favaloro on how best to involve the communities.

Sylvio Barruzzi asked if the MWRA was going with life cycle cost or purchase price. Mr. Trubiano

responded that MWRA chose a life cycle cost analysis, with a three to five-year service warranty program and a seven to ten-year life span.

Walter Woods asked if the \$5 million figure projected covered just the purchase of the meters and what is the total time frame. Mr. Trubiano replied that the \$5 million covered the purchase, installation and warranties, subject to revision, with an 18-month window once the process begins.

John Sullivan asked if the RFP could require the contractors to install new equipment, keeping the existing equipment running, to balance the transition so that everyone knows ahead of time what they are going to get hit with. Mr. Trubiano stated that there are some physical proximity issues, such as only one manhole and only so much space. Probes and sensors react to one another. The preference is not to install the new equipment next to the old equipment. MWRA has historical data that can be compared with the information generated from the new meters.

Mr. Favaloro suggested that it might be helpful in the bid package if MWRA added the side by side alternative. The 18-month window is what the Authority assumes. Perhaps a determination could be made on what the premium would be to complete the process in 12 months or whatever time frame is feasible. The premium fee might be worth the trouble.

Mr. Favaloro stated that the transition issues rely on the communities to have significant input before this process moves forward. There is no more critical issue on the operations side than how this program works. If there is one committee that wastewater communities might want to consider participating in, this is it. The first few meetings will likely be held in Chelsea because if there are technical questions, the staff and resources are already located there.

**Finance Committee** – Phil Farrington

❖ **CEB/CIP UPDATES**

Ryan Ferrara stated that on the Current Expense Budget (CEB) side, the Board of Directors has provided the Advisory Board with MWRA's budget amendment to make up the shortfall for FY03. Staff will review the amendment over the course of the month.

On the Capital Improvement Program (CIP) side, Vincent Mannering and John Carroll of the MWRA Board of Directors have volunteered to serve on the CIP Review Committee to discuss the spending cap and whether any investments or changes should be made.

Mr. Favaloro stated that MWRA and Advisory Board staffs have a significant difference of opinion on the spending cap. The Advisory Board feels strongly that the Authority has balanced the cap on spending by borrowing from years beyond FY2010, which the Advisory Board feels should be altered.

**F. QUESTIONS AND COMMENTS**

**G. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:06 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary