

**MWRA ADVISORY BOARD MEETING  
FEBRUARY 26, 2004  
BRADLEY ESTATE  
2468B WASHINGTON STREET, CANTON, MA – 11:30 A.M.  
MINUTES APPROVED AT THE APRIL 22, 2004 MEETING**

Twenty-seven members were present: John Sanchez, ARLINGTON; E. A. Maguire, ASHLAND; John Sullivan, BOSTON; Charles Barry, BROOKLINE; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; Jon E. Norton, EVERETT; Peter Sellers, FRAMINGHAM; J. R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Dennis Meehan, LEXINGTON; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLEHEAD; Don Ouellette, MEDFORD; Katherine Haynes Dunphy, MILTON; Gerald Rovner, NEEDHAM; Jay Fink, QUINCY; Ted McIntire, READING; Joan Lastovica, SOMERVILLE; Mike Collins, WAKEFIELD; Patrick Fasanello, WALPOLE; Don McCabe, WALTHAM; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Michael Woods, WILMINGTON; Steve Swymer, WINCHESTER.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Avril T. Elkort and David Loving, CANTON; Al Borgonzi, EVERETT; Eugene Gans, WALPOLE; Senator Brian Joyce; Robert Durand and Chuck Anastas, DURAND & ANASTAS ENVIRONMENTAL STRATEGIES, INC.; Ed Bretschneider, WAC; Eileen Simonson, WSCAC; Rob Antico, WILMINGTON; Fred Laskey, Michael Hornbrook, Ralph Wallace, Stephen Estes Smargiassi and Joshua Das, MWRA STAFF; Joe Favaloro, Cornelia Potter, Ryan Ferrara, Tracy Wadsworth and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**A. WELCOME**

Chairman Katherine Haynes Dunphy called the meeting to order at 11:44 a.m. and acknowledged the presence of Senator Brian A. Joyce and Selectman Avril Elkort of Canton. Ms. Elkort welcomed everyone to Canton and thanked Advisory Board members for their efforts.

**B. APPROVAL OF THE MINUTES FROM JANUARY 15, 2004**

A Motion was made **TO APPROVE THE MINUTES FROM THE JANUARY 15, 2004 ADVISORY BOARD MEETING**. It was seconded and passed by unanimous vote.

**C. REPORT OF THE EXECUTIVE DIRECTOR**

Joe Favaloro stated the Advisory Board's Public Hearing on the Authority's FY05 Current Expense Budget is scheduled for March 18<sup>th</sup> at Wilmington Town Hall prior to the regularly scheduled Advisory Board meeting.

Joe Foti's three-year term on the MWRA Board of Directors expires at the end of June. A process has been put in place to schedule the vote with enough time to assure a quorum and to allow the election to occur in April at the State House meeting. A notice will be sent to Advisory Board members on how the nomination process and vote will proceed.

**D. PRESENTATION: MWRA COMBINED SEWER OVERFLOW (CSO) CONTROL PLAN** – Fred Laskey, MWRA Executive Director

Fred Laskey stated there has been criticism directed to the Authority recently over the Fort Point Channel Program, accusing the Authority of abandoning its commitment to cleaning up Boston Harbor and that

somehow the Combined Sewer Overflow (CSO) Program is falling short. It is important to put it in perspective.

When the CSO Program began, there were 3.3 billion gallons of CSOs dumped into Boston Harbor annually, today the number has dropped to 600 million gallons annually. Of the 600 million gallons, 60% is treated, which is a dramatic improvement in the quality of water in the Harbor and a dramatic reduction of 2.5 billion gallons of annual CSO discharges. The CSO Control Program includes 25 projects spread over the four communities in the MWRA district that have combined sewers: Boston, Cambridge, Somerville and Chelsea.

MWRA, compared to its peers around the country, is in the top 20% of the CSO communities having developed best practices and completed a number of projects with more under construction. The cost of the program continues to rise substantially. When the courts approved the conceptual program in 1994, the project cost was estimated at \$406 million. Currently, costs are estimated at \$650 million, with the risk of an additional \$200 to \$300 million, depending on how the regulators rule on reassessments that are underway for East Boston, the Alewife/Mystic River, the Lower Charles, Fort Point Channel, Charlestown, North Dorchester Bay (which is South Boston beaches) and the Reserved Channel.

Mike Hornbrook stated the Authority currently has a plan that entails sewer separation for the Alewife/Mystic River area in Cambridge. The Authority's recommended reassessment plan totals \$75 million in this area for sewer separation. Cambridge is voluntarily participating in half that cost, leaving the MWRA portion at \$38 million. This project does not eliminate CSOs, it minimizes them. Therefore, a water quality standard change would be required. The Department of Environmental Protection (DEP) is currently considering a change in the water quality standard from "B", which is 100% swimmable/fishable to Bcso, which means MWRA would have to meet water quality standards 95% of the time, but could still have CSO discharges.

MWRA has estimated complete sewer separation would cost \$125 to \$150 million, without achieving complete confidence that CSO discharges could be eliminated. Any expenditure beyond the \$75 million would not result in water quality improvements because of non-CSO sources such as stormwater, both from direct sources and runoff, and illegal connections and other reasons. The decision on water quality standards is pending before DEP.

For East Boston, the Authority had originally proposed a combination of sewer rehabilitation of a major trunk line of the MWRA (under construction now), as well as enlarging some of its regional interceptor capacity through pipe bursting and micro tunneling. During design, it was discovered that the plan would not provide the benefits originally thought. Meeting the original court ordered schedule would require expenditures much higher than anticipated. The current budget, based on the original plan, is \$56 million. MWRA is reassessing this plan achieve the CSO level of control of the original goal, which was minimization of the CSOs, not complete elimination. MWRA is reviewing methods of enlarging its interceptor, along with sewer separation in some critical areas, to reach the performance level originally promised to the court in the 1994 and 1997 plans. DEP and EPA are considering all of the alternative plans that MWRA has developed, which range from the current budget of \$56 million up to \$125 million for complete sewer separation in that area. The MWRA is not recommending complete sewer separation at this time.

The Charles River has experienced vast reductions in discharges to the system as well as water quality improvements. The Authority's plan for the Charles River consisted of an upgrade to the Cottage Farm facility, to include dechlorination as well as chlorination, Stony Brook sewer separation, and other modifications along the Charles River, with the goal of bringing CSO discharges to a modest level. In some cases these CSOs will not discharge in a typical year.

In areas where CSOs are more frequent, such as Cottage Farm, treatment of chlorination, screening and storage is provided. That work, with the exception of Stony Brook sewer separation, is being conducted by Boston Water and Sewer Commission (BWSC) and paid for by the MWRA. It is substantially complete. There has been a remarkable increase in water quality in the Charles River since the Authority started its program.

The remaining CSOs require a change in water quality standards because the state standard in every river and stream is class B (swimmable/fishable) 100% of the time. The Authority would argue that the level of investment made is appropriate. Any investment beyond that point will not improve the water quality because there are non-CSO sources coming down the river from upstream communities and coming into the river from various sources such as stormwater and runoff. The Authority's recommendation proposes the standards not be changed, an extension of the variance, and this issue be revisited within a couple of years.

Plans for South Dorchester and the Neponset River include sewer separation. Neponset River sewer separation has been completed and the outfalls to Neponset River have been blocked. South Dorchester is a massive sewer separation project. Currently, treated combined flow goes out through MWRA's Fox Point/Commercial Point CSO facilities. Once sewer separation is completed in those areas, MWRA will decommission its facilities as there will be a separate and complete system. The work is being performed by BWSC and funded by the MWRA. The MWRA reviews the drawings and engineering contracts to determine eligible costs.

At the head of the Fort Point Channel is an existing BWSC/Union Park Pump Station, which provides flood control as well as sewerage pumping for the tributary area. The MWRA is now constructing the detention tanks at that facility, as well as chlorination/dechlorination screening treatment so the flows will be treated prior to discharge at Fort Point Channel. This project will have a significant impact on improving the water quality in the Fort Point Channel and will cost approximately \$40 million.

For Outfalls 072 and 073, the original plan was to put a storage tank along A Street, store the flow after a storm, then pump it back into the system. Only about 2% of the flow going to Fort Point Channel is from the two outfalls. As a result of convention center construction and other development in the area, the Authority decided to reassess these plans. With all the new development, the Authority found that some very limited sewer separation could achieve better results on CSOs than the original plan and would eliminate a permanent facility in this area for less cost.

The Boston Globe disagreed saying MWRA would increase stormwater discharges to this area by a small percent. MWRA argued that the water quality benefits were better with the revised plan. MWRA has asked Judge Mazzone to amend the Federal Court Order to allow the MWRA to proceed with sewer separation in that very small area. The Fort Point Channel facility is budgeted at \$43 million. An underground facility is being constructed with a park over it. It is the largest single investment in Fort Point Channel water quality being made by the MWRA and reduces CSOs from 80 to 87%.

Ralph Wallace stated the MWRA had previously proposed a CSO Control Plan for the Reserved Channel/North Dorchester Bay that involved constructing a 13-foot diameter soft ground tunnel, almost 16,000 linear feet in length, which ran around the perimeter of South Boston and connected to a 600 MGD pump station sited at the old Subaru pier. The project was designed to completely eliminate CSO discharges into North Dorchester Bay and the beaches along South Boston, and eliminate discharge for stormwater up to a five-year storm event. At the time, the project was estimated to cost \$225 million, including engineering and construction management services and was to be completed in March 2005.

The plan to site the 600 MGD facility came under a great deal of public opposition. The local community and the elected officials indicated the MWRA would never be allowed to build the facility. Since legislation was required to construct portions of the facility in designated parkland areas, the elected

officials of the community informed the MWRA and its Board of Directors that the approval would not be forthcoming. Therefore, MWRA stopped the design effort and withdrew the plan in January 2000.

A reassessment process was begun to develop another plan that would have a better chance of being implemented, but would achieve the original objectives of the prior plan. That process commenced in 2001 with the goal of defining a preferred plan and preparing a supplemental environmental impact report that would be submitted at the end of March 2004, a schedule the MWRA intends to maintain. The reassessment began with 160 alternatives being considered. As reassessment progressed, the review focused on two principal alternatives: interceptor relief and a storage tunnel, with variations of these two basic ideas.

Interceptor relief involves replacement of the existing interceptor that runs along Day Boulevard with a larger pipe that would be able to capture the CSO flows coming into the system and transport them to the Columbus Park headworks. All of the alternatives involve sewer separation to reduce CSO discharges along the Reserved Channel, where MWRA had previously planned to construct a storage tunnel. Now the plan is for 300 acres of sewer separation along the northern border of South Boston, between Broadway and the Reserved Channel to reduce CSO discharges into the Reserved Channel. Since the Reserved Channel is a lower performance water body, regulators would allow CSO discharges perhaps four times a year.

In reassessing the storage tunnel, the designers explored whether the tunnel could be made larger to achieve higher levels of CSO control. Previously, the designers felt constrained because MWRA was trying to thread this tunnel through a narrow corridor, both horizontally and vertically. Due to advances in soft-ground tunnel technology, it has been determined a 17-foot diameter soft-ground tunnel is feasible. It would run from the entrance of the Conley Terminal and terminate at the State Police barracks. The tunnel, with a capacity of 19 million gallons, is able to pick up all of the CSO volumes that would be generated in a 25-year storm. That is an important point because a 25-year storm would be maxing out the capacity of the entire interceptor system, so even if there were a larger tunnel, it is not clear MWRA could necessarily pick up any more CSO volume. In a larger storm, there still may be small discharges at some outfalls, but in MWRA's view, this project achieves virtual elimination.

Another advantage of this alternative is it does not require a massive 600 MGD pump station to achieve that significant level of CSO control. In this plan, MWRA would be siting a 10 MGD pump station at the entrance to Conley Terminal that would occupy less than an acre of land when completed and the footprint of the building would be 8,000 square feet. An even smaller odor control facility would be sited at the State Police barracks. In contrast, the 600 MGD facility would have required several acres of land and would be in excess of 35,000 square feet in size.

Mr. Laskey stated the original plan is described as "under consent order" and is the standard MWRA is being held to. Stormwater is a difficult issue for the Authority because, statutorily, it is not responsible for stormwater. However, the original plan for the pump station included taking stormwater up to a five-year level of control. The problem with a 17-foot tunnel is that if MWRA has a 25-year level of CSO control and stormwater is put into the tunnel, MWRA drops to just over two years of total control, thus eliminating its ability to achieve virtual elimination.

There seems to be a consensus building that 25 years is virtual elimination. However, the issue of stormwater is an important issue to the parties involved and negotiations are ongoing. One of the options being reviewed is putting operable gates at each of the CSO outfalls. The concept would be to leave the gates into the storage tunnel open every dry day until somewhere around a one-year storm. The CSOs and the stormwater would go down into the storage tunnel, which MWRA could absorb easily. If a major storm were forecast or other conditions, MWRA would notify the regulatory agencies the gates will be closed allowing the stormwater to bypass to the beach with just CSOs going into the tunnel. That

would get the Authority to a 25-year level of control and one-year stormwater with minor additional costs to the Authority.

EPA has stated in the CSO plan for South Dorchester, that BWSC has the design for a 12-foot storm drain down Morrissey Boulevard out to U-Mass Boston (there is a five-foot drain there now) to transport stormwater off the South Boston Beach and back to Dorchester. By taking the stormwater out, MWRA would be back to where it told the court it would be five years ago. MWRA's response is that it is not in the stormwater business. The regulators say they have the consent order that MWRA signed saying it would give five-year storm control on the beach and completely eliminate CSOs at the beach. The cost is about \$10 million. Staff believes it can come up with a consensus for March on a plan that everyone can embrace. The balance is the need for fiscal responsibility versus the need to do the right thing environmentally. The North Dorchester Bay/Reserved Channel budget is at \$230 million without land acquisition. If MWRA gets into the storm drain issue, another \$10 million would need to be added. This project then would represent 40% of the total CSO budget for about 9% of the CSO volume.

Mr. Laskey noted, in cooperation with the Advisory Board, one of the issues in the federal regulations around CSOs is affordability. In the CSO regulations, cost benefit is a factor, but it is a subordinate factor to how much people can afford to pay. MWRA has hired a nationally known expert out of the Kennedy School, Dr. Stavins, to prepare a comprehensive report of the impact on ratepayers. One thing the federal standards are based on is what percent of average personal income goes to the sewer bill. The regulators say it should be 2%. However, Massachusetts has very expensive housing, insurance, fuel costs, etc.

Mr. Favaloro noted a Boston Magazine article and Judge Mazzone's court report have one theme, centering on CSOs, more specifically stormwater. The push is on to have the MWRA become the father of stormwater. This becomes a major concern as relates to the CSO plan, which has grown over time from \$400 million to \$650 million to close to \$1 billion. Staff proposes to send a letter to Judge Mazzone, who has been open-minded and fair, stating stormwater is not the MWRA's responsibility based on the Clean Water Act. If stormwater is to be part of the project, the appropriate parties must assume financial responsibility. The court parties are willing to let the MWRA pay, but no one says what is the Commonwealth's or other parties' responsibility.

John Sullivan noted Boston's objection to the letter being sent as written. When it says "other parties' stormwater," it enjoins Boston. Without knowing the number this represents, it is a concern. The letter is going to a federal judge who can make unbelievable decisions quickly. "I would have to evaluate what it really means," Mr. Sullivan stated.

Chairman Dunphy stated any agreement MWRA makes with the parties must not set a precedent that MWRA will be responsible for stormwater.

**Lead & Copper Update:** Mr. Hornbrook stated communities will soon receive a letter from DEP on a notice of non-compliance issued to the MWRA on lead and copper sampling. It is not a water quality issue like bacteria and not a public health issue. It is simply a non-compliance with the number of samples taken. For the September 2003 sampling round for lead and copper, 440 samples should have been taken by member communities from homes. Of that sampling period, 425 samples were taken, or about 97%. DEP September data and said MWRA was in non-compliance because it only had 425 out of 440 samples. Over the last nine years, the Authority has focused on 440 as a goal. By regulation, a system the Authority's size is about 100 samples. MWRA did 440 because it incorporates the system communities into its own. (New York City, with nine million people, collects 220 samples for copper and lead.) MWRA has agreed to accept the notice of non-compliance on behalf of the 28 core member communities. It means that MWRA will have to do two rounds of sampling this year.

Today, at the Chelsea facility, a sampler training program was held for the communities on how to collect the sample, the chain of custody and what to do if someone is not home. The new program now has alternative sites identified that communities can go to if a homeowner is not present. The Authority must post a public notice in the newspaper that it has been issued a notice of non-compliance for this monitoring issue and must include it in the Consumer Confidence Report.

E. **COMMITTEE REPORTS**

**Executive Committee** – Katherine Haynes Dunphy

- ❖ **TRANSFERRING THE FORMER MDC WATERSHED DIVISION OUT OF THE STATE’S GENERAL FUND** – Robert Durand, Durand & Anastas Environmental Strategies, Inc.

Former Secretary of Environmental Affairs/Chairman of the MWRA Board of Directors, Robert Durand, and his partner Chuck Anastas have been hired by the Advisory Board to work with the Legislature on the Memorandum of Understanding (MOU) and the Trust Agreement.

Legislators have three main issues of concern: 1) The Payment in Lieu of Taxes (PILOT) Program; 2) Ensuring language in the MOU protects employees of DCR (the former MDC Division of Watershed Management [DWM]) and Department of Environmental Management, who have worked there for many years; and 3) Public access. Legislators want to ensure language in the MOU clarifies that their constituents’ access remains unchanged. Secretary Ellen Roy Herzfelder has agreed to redraft language in the MOU to address these issues.

The overriding issue is whether the MOU should be allowed to move forward before the Trust. Mr. Durand’s advice would be to marry the two, either through language within the MOU declaring the MOU does not take affect until the Trust is enacted, or to work with all parties concerned to ensure there is a strong commitment to get the Trust through this year.

A meeting is scheduled with the Legislative Caucus next Wednesday. It is clear the Senate President wants to make sure the concerns of Senator Brewer, whose district encompasses many of these lands, is respected. Mr. Favaloro and Tracy Wadsworth met with the Senator yesterday and were able to provide him with more assurance.

Mr. Durand believes, having worked on all sides of this issue, if the Trust language were approved at the same time as the MOU, MWRA would be better off. If the MOU goes forward without the Trust language, there is a chance MWRA will not get the Trust.

Mr. Pappastergion asked Mr. Durand if, in his discussions with Secretary Herzfelder, he had an opportunity to discuss changing language in the MOU to be in favor of the Trust and, if so, what was her reaction? Mr. Durand stated during his discussions with the Secretary, the two specific issues brought up were language to clarify the benefits of the MOU in terms of its enforceability (a concern of Board member Lucile Hicks) and the other was sporting issues and public access. Given Senator Brewer’s concern and the opinions raised from western Massachusetts, her comment was if you can come up with some language over the next week or so they will take a look at that. Her goal is to seek approval of the MOU at the next Board of Directors meeting.

Eileen Simonson of the Water Supply Citizens Advisory Committee (WSCAC) stated, “MWRA had an MOU with the former DWM that has been a document that described different operational responsibilities. The proposed MOU is more factual as to who has taken financial and management responsibility over the last decade, but without the Trust, which takes the DCR budget out of the state budgeting process, the MOU doesn’t change the problems that MWRA has faced in getting the job done through the DWM. I urge you to be sure this Statutory Trust is enacted and to make your representatives and senators understand the need for it. The MOU itself will not solve the problems MWRA has had in the past.”

Board member Joseph Foti said we were told if the MOU were approved at the March meeting, Senator Brewer would like to see a two-year trial period. Have you discussed that with the Secretary? Mr. Durand stated the first time he met with Senator Brewer three weeks ago, that was the Senator's stance. Subsequent to that meeting, the Senator has stated he is in favor of the Trust and would work toward its passage.

Mr. Favaloro added staff met with Senator Brewer yesterday and were surprised to learn the Senator had not actually seen a copy of the MOU and Trust, which staff supplied. Senator Brewer wants an opportunity to weigh in on both the MOU and the Trust after Senate Counsel has reviewed it.

Walter Woods asked if the Authority paid for the land and is MWRA making Payments In Lieu of Taxes (PILOT). Does this Trust arrangement make it easier for budget accountability? Mr. Favaloro said the language within the MOU, which specifically outlines the process for evaluation and review, coupled with the Trust that moves the Division out of the General Fund does accomplish the need for accountability, while at the same time providing sufficient funds. MWRA pays the debt service on the acquisition of lands for the watersheds. Under this scenario, the Authority would still make payments for the debt on the existing land through the Trust. The acquisition of new watershed lands would come directly out of the capital budget of the MWRA.

There has not been an acquisition of land in almost 18 months because land acquisition has to compete with other needs of the Commonwealth. MWRA would continue to make the debt payments of \$5.1 million for land that is already purchased. Ownership of these lands remains with the Commonwealth. For all new lands acquired, the Authority, through the Trust, would acquire these lands for the Commonwealth.

Ms. Simonson added the MWRA is not allowed, by statute, to own land in the watersheds and the water sources. It may own land at its various waterworks facilities. The Trust will not change ownership, it will all remain Commonwealth land. Over the past 18 years, a panel of DCR workers and the MWRA have participated in purchasing land, which is also owned by the state. The Trust is a mechanism to move the watershed's operating and capital budget out of the state budget, where it has been constrained. If there is a freeze on hiring, DCR cannot spend money to hire. If there is a freeze on capital projects, projects cannot be done. If there is a freeze on land acquisition, even though MWRA ratepayers pay for it, DCR has not been able to buy. The Trust would eliminate that particular problem. It does not solve all the problems that Senate 1259 proposed to solve, but it solves most of them.

J. R. Greene stated it is important to note it is not just the sporting interests. People hike, bicycle and kayak there as well. Mr. Durand stated public access language would cover these interests.

Barbara Wyatt reported, "In speaking with people at the former MDC, they said they were limited in their budget. Different people have lands for sale. If a little old lady has 80 acres and she's ready to sell, we cannot tell her to wait. We are losing opportunities and there is an urgency. We could be losing some valuable protection."

Chair Dunphy agreed it is a very big issue. If there is a panel that has identified land that should be purchased, and a critical piece of land comes on the market at a time when the state cannot purchase the land, that opportunity is gone forever. This Trust would provide the resources so when the opportunity comes, the purchase can be made.

Mike Collins asked if the water supplies in central and western Massachusetts are so ample that in the future it will be safe for central Massachusetts communities to tie into the Quabbin? Ms. Simonson responded people in western and central Massachusetts have a good amount of water. The issue for most of them is will the reservoir remain open for access and recreation that is appropriate to water

supply, and will the MWRA continue to pay PILOT as a way of buying the water in order to resell it. The visitor center sees over 60,000 people a year. So the concerns are not focused on being anti-Boston, the question is will the MWRA, once it gets more and more control and influence on the budget, try to shut down the watershed.

Avril Elkort asked if PILOT payments would be protected for the watershed people. Mr. Durand stated the Department of Revenue determines what the formula is and they will receive 100%. MWRA is very good, unlike DCR on some of their other lands, in providing 100% of the formula. It is a major issue for Senator Brewer, which we were able to address. Mr. Laskey noted MWRA is the only entity in the state that pays 100% of their PILOT obligations.

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro noted the Governor's proposed FY05 budget (House 1) discontinues debt service assistance.

The Secretary of Environmental Affairs, Ellen Roy Herzfelder, said she would make a stronger commitment to funding the Division of Water Supply and the House 1 budget does include an increase of \$700,000 for a total of \$9.5 million for watershed operations.

The MWRA Legislative Caucus will meet next Wednesday. Bob Durand will speak to the Caucus about the Trust and MOU as they relate to the DCR water supply division. Staff will continue with efforts to restore debt service assistance and strongly believe the House and Senate will include \$5 million in the budget for debt service assistance (DSA).

DOR will release the FY04 DSA funds to the MWRA next month. The Authority will reduce April payments to the MWRA from the communities by the amount of debt service assistance received.

**Finance Committee** – Bernie Cooper

❖ **STATUS: CIP BUDGET REVIEW PROCESS**

Cornelia Potter stated the first draft of CIP comments will be sent to the Executive Committee in one week, followed by a revised draft to designees for the March 18<sup>th</sup> Advisory Board meeting. A public hearing on the CEB will be held prior to that meeting.

The Authority's budget team has removed the Boston Harbor Project and a few other completed projects from the CIP, leaving the focus on active projects that total \$4 billion. Of the \$4 billion, half has been spent through FY03 leaving \$2 billion remaining to be spent for FY04-14 and beyond. Of the \$2 billion spent, two-thirds was for waterworks spending.

Because the Authority is staying within its new five-year cap, there is little difference between last year's budget for FY04-08 and the proposed budget. However, total costs have increased nearly \$350 million into the following five-year period, FY09-13, with potential additional costs above that.

MWRA staff point out they are moving forward with a comprehensive planning process and working to discuss more fully their asset management program for Deer Island and waterworks facilities, but also importantly, the wastewater and transport systems. Staff has indicated spending could be \$300 million per year to provide additional funding for asset management and maintenance optimization. If that is the case, the proposed spending for FY09-13 could virtually double from \$750 million currently identified, to \$1.5 billion. In addition, the CSO program faces additional costs that could result in a total of \$1 billion of additional spending, depending on the planning process.

❖ **CEB UPDATE**

Ms. Potter stated the review of the Authority's Current Expense Budget (CEB) will begin in the next week. The Authority expects the document to be ready for print promptly and will post the document on

its website as well. Advisory Board staff will meet with Authority staff over the final week of March to discuss the details. The review will run from mid-March to mid-May, for a vote at the May Advisory Board meeting.

Authority increases for FY05 have reached \$35 million, with \$4 million for *Direct Expense*, \$5 million for *Indirect Expense* (largely for insurance and insurance reserves) and *Debt Service Expense* increasing by \$25 million. Non-rate revenue and other offsets fell nearly \$7 million as compared to FY04, leaving the need for \$42 million in additional revenue for FY05. The Authority will utilize \$21 million in reserves to cushion the rate increase, leaving a rate increase of \$20.7 million, or 4.7%, for FY05.

**Operations Committee** – Jay Fink

❖ **ACTION ITEM: RECOMMENDED CHANGES TO THE I/I GRANT/LOAN PROGRAM**

Vote postponed until the March 18, 2004 meeting.

❖ **CONSUMER CONFIDENCE REPORT (CCR) TIMELINE** – Joshua Das, Project Manager – Public Health

Joshua Das announced the Authority has begun its sixth annual Consumer Confidence Report (CCR) and is seeking feedback or comments from communities. The CCR will again include a one-page report, supplied by communities, on their local systems. Information provided should include improvements made, contact information and contaminants found, if any. A first draft is due on March 19<sup>th</sup> and the final report is due April 5<sup>th</sup>.

**F. QUESTIONS AND COMMENTS**

**G. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:56 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary