

**EXECUTIVE COMMITTEE MEETING
SEPTEMBER 9, 2005
Minutes Approved at the October 14, 2005 Meeting**

Present: John Sanchez, ARLINGTON; John Sullivan, BOSTON; Ed Sullivan, CANTON; Jay Fink, LYNN; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Ted McIntire, READING; Walter Woods, WELLESLEY.

Also in attendance: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Joseph Favaloro, Cornelia Potter, Ryan Ferrara, Andrea Briggs and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

I. Approval of the June 10, 2005 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:30 a.m. A Motion was made **TO APPROVE THE JUNE 10, 2005 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Action Item: FY06 Executive Committee

MWRA Advisory Board Executive Director Joseph Favaloro stated that Stephen Horlick, a Selectman from Saugus, expressed interest in serving on the Executive Committee. Since Mr. Horlick is not Saugus' official designee, staff told him a letter would be required from the community making him the official designee, which Mr. Horlick said would be forthcoming. If the letter is not received, the appropriate changes will be made to the Executive Committee slate.

Andrew Pappastergion asked if Saugus attends Advisory Board meetings. Mr. Favaloro said Joe Attubato, Saugus' official designee, has limited attendance at best. Mr. Pappastergion said it ought to be a requirement that anybody who is nominated for the Executive Committee had to have attended a year of Advisory Board meetings. Mr. Favaloro said from staff perspective, he may be able to bring something to the Executive Committee.

The following slate was presented to the Executive Committee, acting as the Nomination Committee, for its consideration:

<u>Chair:</u>	Katherine Haynes Dunphy, Milton
<u>Vice Chair of Finance:</u>	Bernie Cooper, Norwood
<u>Vice Chair of Operations:</u>	Jay Fink, Lynn
<u>Secretary:</u>	Edward Sullivan, Canton
<u>Treasurer:</u>	John P. Sullivan, Boston
<u>At-Large:</u>	Lawrence Barrett, Stoughton
	Andrew DeSantis, Chelsea

William P. Hadley, Lexington
*Stephen Horlick, Saugus
Timothy MacDonald, Cambridge
Edward D. McIntire, Jr., Reading
John Sanchez, Arlington
Dana Snow, Marblehead
Louis Taverna, Newton
Walter Woods, Wellesley

* New member for FY06.

A Motion was made **TO SUBMIT THE LIST OF NOMINEES TO SERVE AS THE MWRA ADVISORY BOARD EXECUTIVE COMMITTEE FOR FY06 TO THE FULL ADVISORY BOARD.** It was seconded and passed by unanimous vote.

III. Update/Flagging Issues for FY06

❖ CSO Holistic Approach

Mr. Favaloro stated the Authority has worked diligently to get to closure on all of the different basins, most specifically the Charles River. The MWRA took on the responsibility of stormwater for the Boston beaches (North Dorchester Bay) and, as discussions matured, took on some additional responsibility for projects for the Charles River in the vicinity of \$18 to \$20 million.

In meetings between Environmental Protection Agency (EPA) Regional Administrator Robert Varney, Massachusetts Department of Environmental Protection (DEP) Commissioner Robert Golledge, the MWRA, the Conservation Law Foundation (CLF), the Charles River Watershed Association and all the other players, a “handshake” agreement was made to tie the basins together in a comprehensive (holistic) CSO solution.

At the August Board of Directors meeting, Advisory Board staff reiterated, for the record, that the Authority is not and should not be responsible for stormwater. In the event that the Pleasure Bay Project and other projects related to stormwater move forward, it is with the intent that it must be tied to the comprehensive CSO solution.

In the MWRA’s Staff Summary and Court Report, the Authority submitted a plan for the Charles River that all parties supposedly agreed to that included a 12-year variance with a three-year revisit of the Charles River basin, which means a 15-year variance. The cost and additional work the Advisory Board had been concerned about would stay constant over the next 15-year horizon. Over the last week to ten days, support of the agreement has begun to erode.

EPA is awaiting approval of the plan from EPA – Washington. Now DEP staff is saying that it cannot give a 15-year variance; the most DEP can give is a three-year variance. Further, DEP has said it is willing to give the MWRA a Bcso standard for the Charles. EPA says it cannot approve the Bcso standard, but will give MWRA a 12-year variance, plus a three-year revisit. To date, there is no agreement. The Authority has continued to have discussions. MWRA has now proposed to DEP, because of its “no more than three-year variance rule”, a series of five three-year variances to allow the Authority to get to the fifteen years; however, DEP is still not on board.

Additionally, some of the other supposed supporters of the comprehensive plan, most specifically CLF, have now come out in opposition to the longer term variances.

Mr. Favaloro reported that MWRA Executive Director Fred Laskey said the Authority has not given the Notice to Proceed for the Pleasure Bay Project but would like to by Friday because a delay may trigger the need for a change order that would slightly increase the costs. Mr. Favaloro reiterated to Mr. Laskey that if there is no variance, there is no Pleasure Bay Project. The Authority says the project is under court order now. The Advisory Board restated that all of these projects (Boston beaches, closure in the other basins, additional work for the Charles) are all tied together; without one, you don't have the others.

Mr. Pappastergion asked who is proposing the five three-year variances. Mr. Favaloro said in the Authority's attempt to try to get DEP out of its problem that they can't provide a multi-year variance beyond three years, this was the counter proposal. Mr. Pappastergion said five three-year variances is nothing more than a three-year variance with the potential to renew it.

Ed Sullivan noted that DEP could have a whole new regime after three years that does not agree to the terms of five three-year variances. There is absolutely no guarantee.

John Sullivan said the Authority has awarded the Pleasure Bay contract but just hasn't given the Notice to Proceed. At some point will they pay back the contractor for his bidding and bonding costs? Mr. Favaloro said there would be some costs associated with it, but was unsure at what level. It is a moot point because it doesn't matter how much it adds to the contract for Pleasure Bay because without the variance, there is no project.

MWRA and the Advisory Board have been cooperative; for instance, a component of the additional \$17 to \$20 million of additional projects for the Charles has been exempted from the cap because Advisory Board staff was concerned that the rest of the MWRA's capital projects are dying under the strangulation of the court ordered projects. The MWRA and the Advisory Board are doing everything they are supposed to do. The only ones who are not doing their part are the regulators.

Mr. Favaloro emphasized that the battle is not with the Authority, but the reality is the Authority has to stand firm. According to Mr. Varney, there won't be an issue from EPA; however, if EPA and DEP can play off each other with the Bcso standard and the variance, the reality is MWRA still does not get anything. The other issue is that Commissioner Golledge works for Secretary Pritchard. It gets extremely frustrating. The Authority has to stand and fight.

Ed Sullivan said a strong memo from the Executive Committee might be in order expressing our concern.

John Sullivan noted that Bcso would be better to get than the variance. Mr. Favaloro said that the Advisory Board's original position was to go for Bcso; however, Mr. Varney made it clear from the beginning that EPA would not support Bcso at this juncture.

Cornelia Potter noted this is a direct contradiction of the existence of the Cottage Farm plant on the Charles River, which by definition is a CSO facility.

❖ **Legislation**

• **Debt Service Assistance**

Through the CIP and CEB processes, staff talked about the dramatic cost increases expected over the next five years and that the year of double-digit rate increases is coming; it didn't seem to catch much attention. The Advisory Board is now planning a different approach to bring the impact of rate increases back onto the Legislature's radar screen by showing how rate projections will impact each of their communities.

Staff took the base year of FY06 and, using MWRA projected assessments for water and sewer, calculated water and sewer rates by community over the next five years. This is the first phase of a three-pronged attack. The projections will be delivered to communities and the Legislature simultaneously. For Phase 2, the Authority will give a presentation to the Legislature showing the reasons why the assessments are going up. In Phase 3, the Advisory Board and MWRA will go to the Legislature together with a strategy to prevent double-digit rate increases.

A report cited yesterday in the news noted that the Greater Boston area has the highest cost in the nation for housing, higher than San Francisco and New York City. Over the last several years, the number of Boston-area communities whose households made the median income and could afford a median-priced home in that community dropped from 148 to 27. On the heels of this report and the Affordability Study done a year ago, a stronger argument can be made about the hardship for ratepayers. The strategy would not be to stop projects, but to stretch them out.

• **Waiver**

Mr. Favaloro said Advisory Board staff met with Executive Office of Environmental Affairs (EOEA) Secretary Stephen Pritchard to discuss the Water Supply Protection Trust (Trust), and, more specifically, the waiver of the Administration & Finance (A&F) fee.

Although EOEA General Counsel Mary Griffin tried to downplay it, Secretary Pritchard strongly believes there should be an indirect A&F rate. The example he gave was if you have a computer, you have to support the network system behind it.

Since the State Budget was passed, Advisory Board staff has been in regular contact with Ways & Means and the leadership in both the House and Senate; they have continually reaffirmed that this will be addressed. Chairman DeLeo's office has reaffirmed that they will deal with the waiver in the fall.

At the end of the month, A&F Secretary Eric Kriss is leaving; the new A&F Secretary is Thomas Trimarco, who may have a different position on the A&F fee.

• **Saugus is Back**

A Senate bill was filed requesting that MWRA provide the Town of Saugus with support (engineering and otherwise) and a twenty-year interest-free loan for the entire cost of

the Route 1 pipeline project, over and above the already existing loan program monies available on the water side. This would provide Saugus with something the rest of the communities are not able to get. The Advisory Board has already made it clear that it would not support the bill.

❖ **CIP and CEB**

• **Projected Future Rate Increases**

Cornelia Potter said obviously in the last week the whole energy picture has changed dramatically, nationally and globally. The Authority has already begun to put together estimates of what the additional costs are likely to be this fiscal year, particularly on the utilities side, not only for electricity, but for natural gas and fuel as well. That is the largest area of anticipated increased costs, which could be \$3 to \$4 million depending on a series of assumptions that go into these estimates.

The next major area is chemicals, due to the use of electricity and other fuels in manufacturing and transportation of the chemicals.

For the months of May, June and July, the Authority's monthly sludge production averaged up to 125 tons per day instead of 95 tons. The reasons are not clear; however, the increased quantities may cause costs to rise in the \$1 million range.

Mr. Pappastergion asked if the Authority has changed its criteria for blending. Ms. Potter said the MWRA has brought another clarifier and reactor battery online and is treating secondary levels more in the 500+ million gallons per day range, rather than the lower numbers that had been experienced in the past even though they were meeting the discharge requirements.

Currently, potential cost increases of up to \$6 million or more are anticipated, depending on which set of assumptions is used.

• **CIP Cap**

Mr. Favaloro stated on just one series of projects (North Dorchester Bay) on CSOs, numbers are going to be going up significantly. There are other dynamics within the Authority's budget that need to be addressed. All these pieces will play out in the next Capital Improvement Program (CIP). The CIP process will begin in the next few months. With costs increasing, the Cap remains important.

❖ **System Expansion Requests**

• **Long Range Water Supply Plan**

Mr. Favaloro said Reading will be before the Operations Committee on September 27th and unless something changes, a vote on Reading is anticipated for the October meeting. The Dedham/Westwood Water District's application was approved yesterday by the Water Resources Commission (WRC) and Dedham/Westwood will likely be before the Advisory Board for a vote in November.

The WRC vote for Dedham/Westwood included a determination that they will send a letter to DEP to ensure all communities become co-permittees with the MWRA in the reduction of I/I. How does the WRC get from Dedham/Westwood and a vote for

additional water to I/I? DEP is going to use every tool in its arsenal to run the stormwater and I/I program through the NPDES permit.

John Carroll said the Board of Directors is planning to have a discussion Wednesday on the expansion of the water system. The Authority has enough water available, within safe yield, to supply another City of Boston. Mr. Carroll said he would like the Executive Committee and the Advisory Board to support the idea of expanding the water system. Mr. Favaloro noted that over the years the CIP and CEB comments have recommended the expansion of the water system.

Ryan Ferrara said the Authority, assuming acceptance of Reading, Wilmington, Dedham/Westwood and the Weymouth Naval Air Station, will allow about 3.5 MGD in additional water to be sold. The total, in terms of a buy in, would equate to \$18.3 million, pro-rated over 20 years, the payment to the Authority would be \$1.3 million per year. Though this is not an insignificant amount, the net impact in FY07 would go from 13.2% to 12.3%.

Mr. Favaloro said this is a three-step process: 1) show that there is water to be sold; 2) determine how much water can be sold within safe yield; 3) market it.

John Sullivan noted that expansion of the water system is not just about reducing the rates for the existing communities; it is the entire economic viability of these communities to attract businesses, which gives revenues to the state and will allow MWRA to go to the state for more Debt Service Assistance. Mr. Sullivan said we want the state to flourish.

Chairman Dunphy said we have a resource and an excess capacity and if it can help drive economic growth it would be selfish not to share it to the benefit of all the communities and the state.

❖ **Residential Water Use Standards**

Mr. Favaloro stated the Executive Office of Environmental Affairs (EOEA), DEP and the Water Resources Commission (WRC) are considering changes to the State's Water Conservation Policies that may restrict the amount of water that can be withdrawn from surface and ground waters to 65 residential gallons per capita day (rgpcd).

WRC's 2001 Stressed River Basin Report classified the majority of rivers assessed as high or medium stressed (70% of basins). To meet the 65 rgpcd, water saving appliances such as low-flow toilets and water efficient washing machines would be required and will require significant financial commitment.

These restrictions will cause significant problems for communities such as Norwood and Canton in allowing them to develop local sources of water. Further, an overall methodology would need to be developed in determining industrial versus residential users.

❖ **Blue Hills Covered Storage Decision**

Mr. Favaloro reported that the administrative judge has ruled that the Authority has to create another 8.7 acres of wetlands in the Blue Hills. DEP Commissioner Bob

Golledge can either reject or accept the judge's ruling, which will trigger another relook of the Blue Hills Covered Storage Project.

Based on John Carroll's motion at the Board, the cost for the Blue Hills project is the cost; if additional mitigation is to occur, it will come out of the project. Ryan Ferrara noted that the replication estimate is between \$1.5 and \$2.5 million. To counter that, the Authority was looking at not burying the tanks, which would cost \$4 to \$6 million; therefore, the project could potentially decrease in cost.

❖ **Water Supply Protection Trust**

Mr. Favaloro said the Water Supply Protection Trust (Trust) is scheduled to meet on September 27.

Chairman Dunphy, a Trustee, noted there has been some discussion about whether Fred Heyes should or should not serve. Chairman Dunphy received an email from another Trustee, General Meehan, stating that the State Ethics Commission did not have a problem with Mr. Heyes serving, but the Governor's office was not willing to write a letter. Mr. Heyes owns land that is forested and has conservation restrictions and did own parcels of watershed land under DCR ownership. This is a possible conflict of interest. The MWRA seems to be in support of Mr. Heyes remaining a Trustee.

Mr. Favaloro stated that Trust, at their last meeting, approved only a four-month budget for the Division of Water Supply Protection in anticipation of the waiver issue being resolved. At the next meeting, an additional amount must be provided.

Overall, positive things that have occurred include filling 25 vacant positions in the Quabbin that were desperately needed. Vehicles have been bought allowing personnel to do the types of things MWRA and the Advisory Board were concerned were not being done before. Accountability is still an issue with the watershed division.

❖ **Start-up of the John J. Carroll Water Treatment Plant**

The Authority has had at least seven power outages since the John J. Carroll Water Treatment Plant has gone online due to "dirty electricity" – terminology MWRA is using. Ozone needs an almost pristine electric flow. Dirty electricity, with variations in voltage, is triggering a plant shut down. Change orders are expected for the next Board of Directors meeting. Staff has noted that other plants experienced shut downs in the start up of ozonation as well. MWRA personnel have improved the timeline for re-starting the plant from four and one-half hours to two and one-half hours.

IV. Approval of the Advisory Board Agenda for September 15, 2005

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE SEPTEMBER 15, 2005 MEETING**. It was seconded and passed by unanimous vote.

V. Comments

Mr. Favaloro thanked members for their thoughts and kind gestures over the summer with the loss of his mother.

Mr. Favaloro noted that the Advisory Board office is open on November 11th (Veterans' Day); however, most communities are off. Therefore, Mr. Favaloro rescheduled the November 11th Executive Committee meeting to November 10th.

VI. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:57 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary