

**MWRA ADVISORY BOARD MEETING**  
**JUNE 18, 2009**  
**BOSTON WATER AND SEWER COMMISSION**  
**980 HARRISON AVENUE, BOSTON, MA 02119 – 11:30 A.M.**  
Minutes Approved at the October 15, 2009 Meeting

Forty-three people were in attendance, including twenty-five voting members: E. A. Maguire, ASHLAND; Peter Castanino, BELMONT; John Sullivan, BOSTON; John Sanchez, BURLINGTON; Ed Sullivan, CANTON; J.R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Barbara Stevens, LEXINGTON; Ed Demko, HINGHAM; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLEHEAD; Doran Crouse, MARLBOROUGH; Cassandra Koutalidis, MEDFORD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Peter Smyrnios, PEABODY; Brian Carlisle, QUINCY; George Zambouras, READING; John DeAmicis, STONEHAM; Michael Collins, WAKEFIELD; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Zig Peret, WILBRAHAM; Anthony Blazejowski, WOBURN.

Also present: Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; the Honorable Joseph Sullivan, MAYOR OF BRAINTREE; John Lavey, BRAINTREE; Tom Holder and Bill Sedewitz, FRAMINGHAM; William Shaughnessy, WELLESLEY; D. Sutter, WILBRAHAM; the Honorable Timothy Murray, LT. GOVERNOR OF THE COMMONWEALTH OF MASSACHUSETTS; Fred Laskey, Michael Hornbrook, Ria Convery, Rachel Madden and Kathy Soni, MWRA STAFF; Joe Favaloro, Matthew Romero, Christine Hevelone-Byler and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**A. WELCOME**

Chairman Dunphy called the meeting to order at 11:40 a.m. and introduced Vincent Mannering, Executive Director of the Boston Water and Sewer Commission (BWSC) and an MWRA Board Member. Mr. Mannering welcomed everyone to the facility and said it was his extreme pleasure to welcome the Lt. Governor as well.

Chairman Dunphy asked for a moment of silence in memory of Bill Brutsch, a long-time employee of the MDC and MWRA, who passed away recently.

**B. REPORT OF THE EXECUTIVE DIRECTOR**

MWRA Advisory Board Executive Director Joseph Favaloro said the Advisory Board field trip is scheduled for August 20 and will include a tour of the new energy initiatives at Deer Island, a cook out at Nut Island, and a tour of the pelletizing facility.

**C. PRESENTATION: IMPACTS/BENEFITS OF FEDERAL STIMULUS PACKAGE ON OUR CITIES AND TOWNS** – The Honorable Timothy P. Murray, Lt. Governor of the Commonwealth of Massachusetts

The Honorable Timothy P. Murray, Lt. Governor of the Commonwealth of Massachusetts, thanked members for the opportunity to talk about the American Recovery and Reinvestment Act. The Commonwealth of Massachusetts will be receiving about \$9 billion; some of this will be tax cuts and

it will be spread over 27 months. In this economic climate, even with the federal stimulus money, the state is still going to be facing some very difficult structural deficits.

The Patrick Administration formed more than a half-dozen task forces to build an inventory of projects that would meet the criteria for the stimulus funding. As the process worked its way through the legislative machinations in Washington DC, many of the decision makers said the intent of this is to get money out as quickly as possible so there is more wisdom in giving the money out through pre-existing formulas rather than trying to create new criteria, rules and regulations and protocols.

The Lt. Governor said that he led the Municipal Facilities Task Force, of which Fred Laskey was an active and significant contributor. Not knowing what the final outcome of the federal bill was, the Administration had envisioned monies that would be available for municipalities in a variety of ways to help address some of the infrastructure and capital needs that existed. Unfortunately, that wasn't the case; there is very little discretionary money at the end of the day.

Of all the different task forces formed, the Municipal Facilities Task Force had the greatest level of need, with 321 cities and towns submitting over 4,500 projects totaling \$15 billion, which speaks to the need that is out there. Of those 4,500 projects, over 1,000 were related to clean water, sewer and drinking water and are projects that were not eligible for State Revolving Funds (SRF). Hopefully as the economy turns, in future years out, the Administration can look at potential ways, if there is capacity at the state level, to do some bonding or borrowing targeted in a way that meets some of these needs. In that regard, these task forces were not an empty or futile exercise; it has given the Administration a real understanding of what is going on in cities and towns and the needs that might be addressed in years out.

While the focus and intent of where this money is going changed, the Administration is incredibly grateful for it. In terms of a break down of where the \$9 billion is going over the course of the next couple of years, between \$1 and \$2 billion will be used for infrastructure, specifically transportation and water and sewer. MWRA stands to receive \$30 million of the \$185 million that Massachusetts will receive for sewer and water projects, which will present a savings to ratepayers that otherwise wouldn't be there; \$2 billion is going to education; more than \$500 million is being used for clean energy and environmental projects (some of which can be used to assist in the areas of clean water, drinking and sewer); \$400 million for housing initiatives and the community development block grant; \$65 million for workforce training activities; \$81 million for public safety and homeland security; \$3.7 billion to health and human service programs; over \$1 billion is going to technology, including electronic medical research and NIH research.

The clean energy efficiency money will be distributed through a formula to communities with more than 35,000 people and the state grant program for those communities with fewer people. There are also clean renewable energy bonds available to help municipalities, state agencies and others finance projects on solar, wind and other renewable projects, again trying to offer incentives and mitigate costs in that area in terms of taking advantage of some of the clean energy programs that are out there.

Lt. Governor Murray encouraged communities to reach out to the Executive Office of Energy and Environmental Affairs because pieces of legislation passed last year for the Commonwealth to assist cities, towns and homeowners in taking advantage of renewables (solar, wind, hydro). The state hired Plymouth Town Administrator Mark Sylvia to work with municipal leaders on developing a clean energy plan and process to access these funds.

The Administration has worked hard to try to begin to invest in the backlog of projects across the state and areas of infrastructure; certainly water and sewer are important for our environment, economic development and quality of life in our communities.

Chairman Dunphy said as Advisory Board members representing the sixty communities that are in the MWRA district we are fortunate to have Tim Murray as our Lt. Governor. He is a community person with experience on the school committee and three terms as the Mayor of Worcester; he understands the problems of the communities. Throughout his career he has taken on the top challenges in things like public education, protecting the environment and making government responsible to the citizens. The Advisory Board is pleased with the announcement that \$30 million is going to MWRA projects (\$25 million – wastewater; \$5 million – water) and that some of that money may be principal forgiveness that will not be required to be paid by the ratepayers.

John Sanchez said SRF funding has been a percentage on low-interest loans. Will there be a different formula, such as grant/loan? Lt. Governor Murray said one of the conditions of the federal stimulus money is to ensure that there is accountability. The state has hired Jeffrey Simon to be the stimulus point person in terms of accountability. There are regulations that are promulgated after the legislation that recently passed in terms of what discretion the state might have in putting more money into grants so there is more capacity or at the 2% interest rate. Mr. Simon could be made available to this group. The idea initially is that there is a pipeline of projects under the traditional program and the primary focus is going to be to move more of those projects; in terms of direct grants, Mr. Simon would have to comment on whether the state will have the capacity to do that.

Mr. Laskey said the core is the SRF and that application process. While there are different pools of money that are coming into play and some may be zero-interest loans, some may be grants or 2% loans. The framework for funding distribution is the SRF and ensuring that projects have been submitted to the SRF. There has been a massive increase in proposals from the cities and towns through the SRF because of the potential of free money or cheaper money.

Cassandra Koutalidis said Medford has not made any submissions to the SRF applications. When a community is definitely in need but hasn't applied previously, this indicates you would be very much at the back of the line for the money. Please have consideration for communities that didn't have giant projects that they wanted to get SRF funding for but still have a lot of water and sewer infrastructure to improve.

Fred Laskey said the SRF is the conduit from which federal money comes through to the state and is then divided up to the municipalities and other agencies like the MWRA; it has traditionally been 2% loans that are paid back and it revolves and allows the SRF to have a revolving amount of money to keep rolling into sewer and water projects. Rachel Madden added that while it is administered through the Treasurer's office as a funding mechanism, the eligibility is determined by the Department of Environmental Protection (DEP).

Ed Sullivan added that the SRF used to be 0% loans; are there any plans to return it to 0%? Lt. Governor Murray said there has been some discussion about some elements of this potentially being grants. Washington DC will be providing the rules and regulations. It may be helpful to bring Jeff Simon or members of his team to speak to the Advisory Board at some point. He is working closely with the Secretary of Administration and Finance and Under-Secretary Jay Gonzales, who is in charge of a lot of the capital projects.

Chairman Dunphy said the SRF Program has advantages because it is already staffed with people who are familiar with water and sewer projects and what should rise to the top and what should work its way up.

Rachel Madden said in the legislation as a whole, there is myriad of options of structures for the American Recovery and Reinvestment Act funds and there are references to principal forgiveness loans and zero-interest loans. All it really specifies is that this additional \$185 million of funds coming through the SRF program be used to subsidize specific projects.

Mr. Laskey thanked the Lt. Governor for including the MWRA on the task forces. When the task forces began, all the various municipal needs were listed and water and sewer was “other”. By the end, the water and sewer projects were the single largest category of requests coming back from the cities and towns. It shows the magnitude of the demand for these funds. It was helpful to go through this exercise because it allowed the MWRA and some of its member communities to be “ready-to-go” when the SRF requests came out. The work staff had done as part of the task forces helped to get the projects prioritized and put in lists and categorized.

Lt. Governor Murray added that it allowed state officials, not only as it relates to ways we might be able to help now in utilizing the SRF, but also in the future in terms of development of other capital programs that may be several years out. The Administration knows what the needs are based upon what was submitted on the municipal level.

**D. PRESENTATION: MWRA YEAR IN REVIEW** – Frederick Laskey, MWRA Executive Director

MWRA Executive Director Fred Laskey said CSOs were the big story in FY09. The tunnel boring machine drilling the tunnel along the beach in South Boston “holed through” early in the year and that project continues. The contract for the pump station on one end of the tunnel was recently awarded and sometime this summer the contract for the controversial odor control facility at the other end will be put out for bid. The project continues to move along briskly and is on schedule to meet the federal deadline.

Dam inspections revealed the need for new “hurricane” and “pelican” gates at the Wachusett Reservoir. These are stainless steel gates that go up and down and allow staff to control the level of the Reservoir in a hurricane or in a bad storm.

The southern spine is part of the MWRA’s effort to get redundancy in the southern areas such as Quincy and Milton. A looping phase done near the expressway is part of a multi-phase project that also includes the Blue Hills Covered Storage Tank.

The Cottage Farm CSO Project will allow more flow from the Cambridge side of the Charles River over to the Boston side in a big storm. This project was recently substantially completed and is ready to go; MWRA is waiting for a big storm to test it.

The Morrissey Boulevard storm drain project is being managed by the Boston Water and Sewer Commission (BWSC). It will take stormwater from Dorchester that is currently transported to the beach in South Boston and will re-direct it down Morrissey Boulevard to the cove by U-Mass, Boston. This is a piece of the puzzle that gets us to a 25-year level of control on the beach in South Boston by diverting that stormwater. The project should be complete within weeks.

The Blue Hills Covered Storage project is about 80% complete. The tanks have been pressure tested and all of the piping has been connected; high-tech testing of the roof will begin today. DEP requires that the water does not leak through the roof. The tanks are scheduled to be disinfected sometime in August to get it up and running.

Deer Island is quickly becoming the number one driver in the capital projects. Much of the plant has been in operation between ten and fifteen years. There are a number of contracts for Deer Island, some of them in the tens of millions of dollars, for improvements in the electrical system and replacement of the flights and chains. Deer Island is in a harsh ocean environment and is a heavy industrial plant, which wears the plant out.

A number of water pump stations were in need of repair – Hyde Park, Reservoir Road, Belmont, Spring Street and Brattle Court; all are in the middle of a substantial rehabilitation. Those projects are going well and they will provide a safety net to guarantee the water for the higher elevations with redundancy and state-of-the-art variable speed pumps.

There are two MWRA projects going on in Revere; one is a rehabilitation of a current line across Route 60 that is part of the Authority's ongoing rehabilitation of a certain amount of pipe to keep the system up as part of the filtration issue. The other is a new line that is going across from the Beechmont section of Revere to the Orient Heights section of East Boston, which is part of an effort to get more redundancy for Logan Airport and parts of East Boston so it will also allow the Authority to bring other parts of the system down for rehabilitation to come across on the Chelsea side and allow us to get that up to speed. BWSC has a complementary project that will enhance their service area across to the airport, which is a good example of coordination between the MWRA and member communities.

The East Boston Branch Interceptor Relief Project is another CSO project, which is essentially a new sewer system in East Boston.

Renewable energy projects are a priority for the MWRA. The Governor and his administration have set the tone and have set goals for the MWRA as a "state entity"; it provides MWRA with insulation or protection against the roller coaster ride of energy costs. The more we can control our own destiny the more stable the budget will be. Federal money coming in should help.

Two wind turbines will be installed on Deer Island and will provide 600 kilowatts. Staff is continuing to plan and work for a major turbine on Nut Island, having had good discussions with the City of Quincy about different options. Quincy is looking to perhaps partner with the MWRA. One issue that has come up with the turbines is mitigation; communities believe they deserve a "piece of the pie" if the turbines are sited in their community. MWRA has been resisting that. One option proposed is that Quincy could pay for a couple of turbines and the procurement could be rolled in with the MWRA's procurement and the construction management together and share in that because MWRA has the expertise to do these things and Quincy may not.

Approval from the Federal Aviation Administration (FAA) has been received to place a turbine next to the Caruso Pump Station in Boston. Grant applications have been submitted to the MTC trying to get funding for that turbine.

Pressure reducing valves are used at the Loring Road tank in Weston. A turbine will be installed to capture the water coming through the pipe and it will make a substantial amount of electricity through hydro-power.

MWRA currently makes electricity from steam. With technology today, the new pressure turbines can create more electricity. MWRA has begun a project to put an additional steam or pressure turbine in to capture even more steam that is currently wasted.

Mr. Laskey said these energy audits have provided incredible savings. At Deer Island alone MWRA will save \$350,000 per year through lighting improvements, motion sensors, low-energy ballasts and different types of lighting. It is an incredible amount of savings and payback is fast.

A major undertaking that the Authority is looking at is redundancy. The long-standing plan for system redundancy has always been the 1938 Master Plan with a northern tunnel loop from Weston going north to Stoneham and providing a loop. Staff is looking at other options to see if this can be accomplished without having to build another major tunnel. Redundancy studies show Bear Can Hill at Boston College is the MWRA's jugular vein and it is exposed. Currently, there is a high-level study under way and MWRA is in the process of planning for the northern intermediate high to bring redundancy for Stoneham, Reading and Wilmington and the southern extra high to bring redundancy to Canton, Stoughton, Norwood and Westwood. Those projects are in the planning stages and will be moving into the CIP as we move forward.

The Deer Island plant got the gold award and met all permit limits for the second year in a row and the plant is running well. All permit requirements have been met on the drinking water side as well.

In regard to system expansion, MWRA believes that many communities, if they were to look at the Authority, would find that MWRA is very competitive in relation to the needs of building a new treatment plant and all of the other requirements that come from upgrading local systems. Further, a great environmental benefit would be provided, with little impact on the MWRA's watershed, to provide some of the waters for those stressed river basins, whether it is the Ipswich, the Neponset, the Charles or the Sudbury.

Water usage continues to drop creating huge problems for member communities. Declining sales are having a huge effect. Communities make their best projections for their budgets and are coming up red. On one hand it is conservation and that is good; on the other hand, as business people in the water/sewer business, you have to be able to set a budget and we just don't know where this downward trend ends.

There were many challenges in FY09; probably the most dramatic was the fire at the pellet plant. Double-lined ductwork caught on fire and smoldered for several days; the plant was shut down. An emergency plan was instituted and MWRA trucked the sludge out. The plant was up and running two weeks early. Substantial improvements to the systems and the fire prevention have been made so it won't happen again.

Flagger certification was a big challenge this year. It was a major initiative of the Governor and there was a lot of public support for it but it was a lot of work and stress for the MWRA, which was the first entity to be certified in the Commonwealth to train flaggers. Many MWRA employees have been certified as flaggers. At many locations, flaggers are not needed and cones and barriers can be used instead. Police details are still used at signal intersections and other dangerous locations. Staff has found that the police are more flexible on the number of officers required. It has had a detrimental affect on some of MWRA's maintenance numbers. Some valve exercises and meters did have a lag because MWRA could not get out in the street because of organized opposition from the police from town to town.

MWRA staff is looking forward to working with Advisory Board staff on a major initiative to push the EPA to modify MWRA's outfall testing program. After years of testing, MWRA scientists believe they have a good base of knowledge. What is the sense in testing continually if there is not a lot of change? EPA seems amenable to some changes, but not all changes. MWRA received a letter from Provincetown objecting to any changes in the testing. MWRA has spent \$63 million testing to

make sure the outfall is working the way it is supposed to and it has been; a modification to the testing program could potentially save \$1.3 million.

State Debt Service Assistance (DSA) is an uphill fight. Everything is being cut. Mr. Laskey said he is not hopeful that the MWRA will receive DSA this year. In fact, staff just found out that an earmark that helps communities/agencies pay for the chemicals for the treatment of wastewater, in place since 1986, has been cut, resulting in another \$866,000 that MWRA must absorb.

For the FY10 budget, the downward trend in staffing continues. MWRA is looking to reduce another 13 positions to get to the point of steady state. A major initiative on overtime was implemented this year to reduce overtime by about 10% or about \$400,000. Much of the overtime is driven by storms so staff is attacking the areas where it is not related to storms.

The budget proposes no pay raises for managers, a reduction of temporary staff, a reduction in training, elimination of 14 domicile vehicles, a reduction in the number of vehicles to be purchased, postponement of various purchases, and reduced memberships in various organizations and trade associations (\$300,000). In an effort to save money, MWRA will no longer have security guards at its headquarters through the night and weekends.

On the energy side, because major upgrades to the electrical system at Deer Island have been made, staff does not believe that the CTGs need to be run the way they have been in the past during big storms. A few years ago, Deer Island had a power outage and it took one to two hours to get the plant back up and running; a policy was instituted where generators were turned on during bad weather, costing hundreds of thousands or tens of thousands of dollars every time. Because of the upgrades, staff can get the plant up and running quicker and MWRA is going to run some risk there. Little things save money – changing the temperature of the heat loop at Deer Island, increasing the shaft elevation at Nut Island, adding the extra height on the shaft drives the water across the island and reduces pumping at Deer Island.

Staff has been aggressive in refinancing and in using bond defeasances, taking operating surpluses and using them to defease debt service.

On the capital side, Deer Island rises to the top; it is no longer the Integrated Water System or the CSOs. MWRA will be spending \$100 to \$200 million per year just to bring the system up to where it needs to be to maintain the facility; 60% of the MWRA's budget is debt service. If debt service were steady, MWRA would be okay; but it is not, it is \$30 to \$40 million every year.

Currently, the MWRA has proposed a 4.8% rate increase for FY10. Heavy pressure from the Board and the Advisory Board is to drag that number down to under 4%.

Walter Woods said now that the multi-million dollar luxury condominium project that had been proposed near the Authority's odor control facility may not be built because of financial problems, could that change the picture of that building from underground to above ground? Mr. Laskey said in his tenure at the MWRA, this has probably been one of the most contentious issues to come before the Board. The position of the Board was to put it above ground; there was heavy pressure from elected officials in the area and the then-owner of the adjacent billion-dollar development. The Board, after deliberations and spirited debate, voted on a split vote to put it underground and MWRA is moving forward with design from Faye, Spofford and Thorndike with the hope that it will go out for procurement in the coming months.

Cassandra Koutalidis asked where the in-house flaggers have been used successfully or with the most harmony. Mr. Hornbrook said the MWRA has used its own in-house flaggers mostly on

Operations and Maintenance projects in six to eight communities (including Quincy and Dedham). There are a greater number of communities where signage and cones were used in place of an officer or a flagger. MWRA has numerous construction zone safety plans into local police departments for their consultation as required in the regulations. Some communities have given a blanket “no” and the Authority is now going back to ask for the specific reasons. It is a long process.

**E. COMMITTEE REPORTS**

**Executive Committee** – Katherine Haynes Dunphy

❖ **MWRA ADVISORY BOARD INFORMATIONAL VIDEO**

Mr. Favaloro said the Advisory Board has created an informational video to provide information about the role of the Advisory Board, as well as promote the Advisory Board’s Legislative Agenda. The informational video was put together at a small cost and many people participated. Christine Hevelone-Byler was behind the scenes asking the questions and coordinated Buzz Flix Media at three different shooting locations. Members viewed the video.

Mr. Favaloro stated that the high resolution video will be placed on flash drives to be given out to the legislature and others to introduce the Advisory Board. Staff is also going to try to have it aired on local cable networks, hopefully with the help of the designees.

**Finance Committee** – Bernard Cooper

❖ **CIP/CEB BUDGET REVIEW UPDATE**

MWRA Advisory Board Sr. Finance and Policy Analyst Matthew Romero said the Authority met earlier in June to provide the draft final FY10 budget and made up the \$7 million that had been assumed for DSA and left the rate revenue requirement unchanged, for a 4.8% increase. At the recommendation of the Executive Committee and the direction of the Board, Authority staff is looking to trim that back even farther to bring the rate increase under 4%.

The Advisory Board proposed a few topics for discussion that might help the Authority to further reduce its budget including the following: going back to the unions to negotiate freezing the proposed COLA increase for at least FY10.

Suspend a large part of the harbor monitoring expense; when you are talking maintenance versus monitoring, there really is no choice.

Eliminating all additional pension contributions. In the newspapers, they have been talking about pension reform. Additional changes to the way that the pension is going to work may be implemented and Advisory Board staff believes it is time to pull back to see what is going to happen and how it will affect the Authority’s pension expense and funding of their pension liability. As it is now, there is an additional \$2.8 million beyond the “pay as you go” portion that they are obligated to pay and that is the amount that staff is suggesting they target at this time.

Finally, eliminate any principal payments associated with the FY10 new borrowing proposed for May 2010 but most importantly, with debt service, is reducing variable rate debt interest rate assumptions, within the range of 25 basis points to 50 basis points, or \$1.4 million to \$2.8 million.

**F. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:35 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary