

**MWRA ADVISORY BOARD MEETING AND PUBLIC HEARING
MARCH 18, 2010
BRADLEY ESTATE
2468B WASHINGTON STREET, CANTON, MA 02021 – 11:30 A.M.
MINUTES APPROVED AT THE SEPTEMBER 16, 2010 MEETING**

Forty-seven people were in attendance, including twenty-seven voting members: John Bean, ARLINGTON; Richard Warrington, BEDFORD; Peter Castanino, BELMONT; John Sullivan, BOSTON; Charles Barry, BROOKLINE; Michael Trotta, CANTON; J. R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Edmund Demko, HINGHAM; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLEHEAD; Doran Crouse, MARLBOROUGH; Cassandra Koutalidis, MEDFORD; Katherine Haynes Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Peter Smyrnios, PEABODY; Brian Carlisle, QUINCY; Jeff Zager, READING; John DeAmicis, STONEHAM; Patrick Fasanello, WALPOLE; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Zig Peret, WILBRAHAM.

Also present: John Carroll and Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Michael Bishop, BELMONT; Tanya Yagjian and Julia Giordano, BROOKLINE; Avril Elkort, CANTON; Charles McCollum, MARBLEHEAD; William Shaughnessy, WELLESLEY; Lexi Dewey, WSCAC; Fred Laskey, Michael Hornbrook, Kathy Soni, Tom Durkin, Matt Horan, Kristen Hall and Carl Leone, MWRA STAFF; Joe Favaloro, Cornelia Potter, Matthew Romero and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

ADVISORY BOARD PUBLIC HEARING ON MWRA'S PROPOSED FY11 CURRENT EXPENSE BUDGET

**ADVISORY BOARD PUBLIC HEARING ON MWRA'S PROPOSED
FY11 CURRENT EXPENSE BUDGET**

Chairman Katherine Haynes Dunphy called the public hearing to order at 11:33 a.m.

For the record, MWRA Advisory Board Executive Director Joseph Favaloro read the official notice of the public hearing: The MWRA Advisory Board will hold a public hearing on Thursday, March 18, 2010 at the Bradley Estate, 2468B Washington Street, Canton, MA at 11:30 a.m. on the components of the Authority's proposed \$602.8 million FY11 Current Expense Budget. The Authority must adopt the proposed budget on or before June 30, 2010. The Advisory Board is empowered by statute to make comments and recommendations on the proposed budget. Copies can be examined at the offices of the Authority at 100 First Avenue in Charlestown. Written comments received at the office of the MWRA Advisory Board, 11 Beacon Street, Suite 1010, Boston, MA 02108-3020, no later than May 6, 2010, will also be considered.

Chairman Dunphy recessed the public hearing for a ten-minute break at 11:35 a.m.

The public hearing resumed at 11:45 a.m. with a presentation by MWRA Budget Director Kathy Soni. Ms. Soni stated that the Proposed FY2010 Current Expense Budget was presented to the MWRA Board of Directors in February 2010 and was approved for transmittal to the Advisory Board for comments and recommendations. Highlights of the budget were presented at the last Advisory Board meeting.

Hearing no comments from members or the public, Chairman Dunphy **CLOSED THE PUBLIC HEARING AT 11:53 A.M.** It was seconded and passed by unanimous vote.

ADVISORY BOARD MEETING

A. WELCOME

Chairman Dunphy called the meeting to order at 11:53 a.m. and introduced Avril Elkort from the Canton Board of Selectmen who welcomed everyone to Canton. Chairman Dunphy acknowledged the efforts of Dana Snow as a member of the Advisory Board (23 years) and Executive Committee who is retiring from his position with the Town of Marblehead. Mr. Snow said it has been an honor to be part of this organization. All of the accomplishments that have taken place have been phenomenal, such as the Deer Island treatment plant, the tunnels, the John J. Carroll Water Treatment Plant. To have been here when all of those environmental projects were done has been a great honor to be a miniscule piece of the pie.

B. APPROVAL OF THE MINUTES FROM THE JANUARY 21, 2010 ADVISORY BOARD MEETING

A Motion was made **TO APPROVE THE MINUTES FROM THE JANUARY 21, 2010 ADVISORY BOARD MEETING.** It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR

MWRA Advisory Board Executive Director Joseph Favaloro stated that Christine Byler, the Advisory Board's Government and Media Coordinator, and her husband Steven welcomed their son, Eben Samuel Byler, born on February 20, and both mother and son are doing well.

Additionally, Mr. Favaloro thanked everyone for their kind words and gestures on the recent loss of his dad.

**D. PRESENTATION: MWRA'S PROPOSED FY11 CURRENT EXPENSE BUDGET –
Kathy Soni, MWRA Budget Director**

MWRA Budget Director Kathy Soni said the MWRA has a multi-year problem so staff had to come up with a multi-year solution. Staff looked at every line item, small and large, to whittle down the expenses.

The Advisory Board challenged the Authority early in the process to have a \$0 increase to the Current Expense Budget (CEB); the outcome of this challenge is a 1.49% increase for FY11.

There are no cost of living increases for FY11 for any personnel at the Authority. There will be no optional payment to the Pension fund this time around and the OPEB line item was not funded.

The main theme of this budget is to protect the core operation; therefore, the maintenance line item did increase. A prudent amount of rate stabilization funds (about 6.8%) will be used.

Surplus funds from FY10 will also be used to defease debt; up to \$24 million has been approved by the MWRA Board of Directors.

Currently 59% of the MWRA's budget is for Debt Service; 35% is for Direct Expenses; and 6% for Indirect Expenses.

Over the next three years, the increase in the rate revenue requirement will primarily be driven by debt.

The wet weather events in March did affect the overtime line item; but overall the Wages and Salaries line item has decreased.

MWRA has maximized its own power generation to help the electricity line item.

Cornelia Potter said you talked about the multi-year strategy and how already you have been able to contain your estimates of rate increases to just under 4% for the next couple of years. A large contributor to that was the decision to restructure some debt going forward and there are plans for a bond issue in the coming weeks; could staff comment on the plans for this bond issue? Treasurer Tom Durkin said his predecessors left them with a strategy that considers each issue in the context of all of it. The mountain of debt was all timed to coincide with the rise in Debt Service Assistance (DSA). DSA is not coming now so staff is trying to manage that mountain.

As new debt is issued, staff will place the maturities so that each year certain principal will be due. Staff places an amount of principal in each year; we don't want to be in the habit of being imprudent and pushing debt off. Staff will be very judicious about where this principal will be placed, likely where there are dips in the mountain. Some additional considerations – the market will show staff what the tolerance is for buying those bonds. MWRA has bonds that trade daily, weekly and some that go out thirty years. A ten-year mortgage is going to be less expensive than a thirty-year mortgage. Staff will consider where to place it and as we get closer to the issue date and the closer to the pricing date, will be cognizant of how much that is going to cost and we will try to find a balance of all of these considerations.

E. COMMITTEE REPORTS

Operations Committee – Jay Fink

➤ IMPACTS OF RECENT STORMS ON MWRA OPERATIONS – Fred Laskey, MWRA Executive Director

MWRA Executive Director Fred Laskey said the storm that we have just encountered is one of historic proportions. The average was about 10 inches of rain in roughly a 48-hour period in the MWRA service area. Camp Dresser & McKee determined on a 24-hour basis, this was the second largest rain storm next to the June of 1996 storm and they asterisked that by saying we had frozen grounds and snow melt in some areas and wet conditions leading into it. On a 48-hour basis, the only storm that they could find of this level was Hurricane Diane in 1955.

The Mystic River reached its highest level in the 70 years that levels have been recorded and the third highest level recorded on the Charles. All of the rivers in the MWRA service area were at flood stage and some still remain at flood stage at this point.

The Authority tracks the performance of Deer Island. Keeping in mind that the whole island did not come online until 2000 when the outfall tunnel came online – the storm of record is the Mother's Day storm of 2006. These rain events easily exceeded the flows of the Mother's Day storm. MWRA had a record 24-hour flow at Deer Island and an hourly record as well. Deer Island was at peak capacity for almost 44 hours. Mr. Laskey said the plant functioned magnificently as did the staff.

On the south side, a record was set there as well, with a daily record from 377 MGD up to 390 MGD and an hourly record was set as well. MWRA pushed beyond what the standard operating procedures recommend to take the risk to try to avoid discharges as much as possible.

At the Nut Island Headworks, staff had to bypass twice for two periods of time in the afternoon; one was 39 minutes and the other 18 minutes. MWRA also has a small pump station a little further down the high level sewer that pumps out the Houghs Neck neighborhood. At one point, the height and the pressure of the high level sewer was pushing back against the pumps in the Houghs Neck Pump Station, which means it would have compromised the station and flooded out the neighborhood. Staff made the decision to go with a bypass and it saved the station and the neighborhood. MWRA's NPDES permit says that MWRA can bypass if it is unavoidable to prevent the loss of property or injury to the facility as long as both EPA and DEP are notified; staff notified both agencies. The strategy was to save the station and save the neighborhoods. If the station had been knocked out, MWRA would have been disabled for weeks or months.

The Authority received calls from every community saying they had CSOs and SSOs; all communities were affected one way or another.

MWRA has a small treatment plant in Clinton that was overwhelmed by the Nashua River. Staff saved the station by the use of pumps and they were able to bypass in some key locations. Hundreds of sandbags were utilized. DEP came out to the plant because they heard that the plant had been overwhelmed. MWRA received an email from DEP saying that staff out there deserves a gold medal for saving that station.

This was the first time that all of the Authority's spillways were overflowing at once; the Sudbury, the Wachusett, Clinton and Quabbin were all going at the same time.

Chief Operating Officer Michael Hornbrook added that the volume of the short-term releases into Quincy Bay was estimated at 5 to 12 million gallons. At the same time, the plant continued to operate at full capacity, close to 400 million gallons, and continued to send flows to Deer Island from Nut Island.

Mr. Laskey said between Deer Island and the CSOs, staff figured we were somewhere around two billion gallons per day in flow throughout the facilities because of the storm. MWRA spent a lot of time and money to upgrade the electrical systems on Deer Island and it was worth every penny. People knew what to do and how to do it and the backup systems worked well and staff saved a major environmental disaster from occurring.

➤ **ACTION ITEM: DISCUSSION ON GUIDELINES FOR PHASE II OF THE LOCAL WATER SYSTEM ASSISTANCE PROGRAM**

Mr. Favaloro said over the last few weeks, discussions were held with the Operations Committee in regard to the next round of the Local Water System Assistance Program. The first ten-year program was a major contributor to the avoidance of filtration in helping communities to

rehabilitate their pipes. Allocations were based on the number of unlined pipes in each community. This was a loan-only program.

Discussions centered on the need for other important water distribution needs as well. At the Operations Committee, members determined to expand the program to include water tanks, meters, electronic meters, GIS mapping, etc., which are all needs of the communities. The program also revamps how to distribute the funds and allows communities that have spent their funds to date to utilize the next phase of the program to go further over the next decade.

Michael Collins from the Town of Wakefield asked members to consider adding water system booster stations to the list. He said if you have a high elevation area with low pressure, not only for fire suppression and service to the customers, maintaining the pressure of the water mains does also ensure that you don't have the potential for mixing with the ground water or loss of quality in the water mains. Wakefield has a need for that. Mr. Favaloro said it would be considered and the vote could be amended if the Operations Committee agreed.

A Motion was made to **APPROVE THE GUIDELINES FOR PHASE II OF THE LOCAL WATER SYSTEM ASSISTANCE PROGRAM**. It was seconded and approved, with Patrick Fasanello of Walpole abstaining from the vote.

➤ **STATUS: WATER SYSTEM EXPANSION**

Mr. Favaloro said System Expansion discussion has been at the forefront with the Advisory Board for many years, pushing for the expansion of the system. The Advisory Board's members on the Board of Directors and Mr. Laskey and his staff have tried to come up with an approach that is fair and would be good for the MWRA as it relates to broadening the base of customers to help spread the costs to more communities. It would help stressed basins and the watershed areas as well by adding releases into the rivers.

Two weeks ago a facilitated discussion was held among all the stakeholders (including representatives of the water basins, EOEEA, the Advisory Board, WSCAC, MAPC, Messrs. Carroll, Pappastergion, Hunt and Barrera from the MWRA Board of Directors, along with advocates of Smart Growth) to try to develop a streamlined process for communities or entities to enter the MWRA water system in a timely manner. Some progress has been made but there are still outstanding issues. The biggest issue for the Advisory Board is the discussion on Smart Growth and how it should or should not be involved in this expansion discussion.

Chairman Dunphy said as representative communities we do see the position of individual communities and the Smart Growth issue is a problem because it would mandate certain forms of zoning in communities that might not be appropriate that might not be accepted by a town meeting, which would delay a community that is in need of water in receiving it because of zoning issues. As community representatives we need to bring this issue to the forefront. Communities know best how to produce housing for people of all backgrounds and income levels and should be decided at the local level where it comes as a local initiative rather than be forced on them by the state.

Executive Committee – Katherine Haynes Dunphy

➤ **LEGISLATIVE UPDATE**

Mr. Favaloro stated there will be no Debt Service Assistance (DSA) in this budget. There is some elevated hope that the Advisory Board's tort liability legislation could find its way into

FY11. Staff will continue to apply for language for the Clinton Wastewater Treatment Plant reimbursement of \$500,000.

Finance Committee – Bernard Cooper

➤ **CEB/CIP UPDATE**

Cornelia Potter said as we go forward into the spring, staff is developing its remarks on both current expense and capital budgets for next year. Having started this process a number of months ago by trying to shape the dimension of where the Current Expense Budget would end up, it allowed Authority staff, as well as our perspective, to try to bring some of the more difficult and complex aspects of budget building in at the beginning before that proposed budget came out in February. The restructuring, the use of defeasance and the assumption that it would be there was an important accomplishment on everyone's part to propose a budget that is a lot closer to where the final budget and rate revenue requirement will be than had been the norm. It was hard work to do but it meant that you got a much stronger product coming out of the gate.

In the meantime, staff is conducting its normal review. Over the course of the spring, staff will hold a series of budget briefings with Authority staff across the agency. Following that, staff will shape the dimension of its additional remarks, perspectives and modifications where appropriate, without changing the 1.49% rate increase and will be bringing to members the initial perspectives at the next meeting.

F. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:18 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary