

**MWRA ADVISORY BOARD MEETING
JANUARY 20, 2011
MWRA ADMINISTRATION BUILDING
266 BOSTON ROAD, SOUTHBOROUGH, MA – 11:30 A.M.
MINUTES APPROVED AT THE MARCH 17, 2011 MEETING**

Twenty-nine people were in attendance, including sixteen voting members: E. A. Maguire, ASHLAND; Peter Castanino, BELMONT; Charles Barry, BROOKLINE; John Sanchez, BURLINGTON; David Field, DEDHAM; J. R. Greene, GUBERNATORIAL APPOINTEE; Jay Fink, LYNN; Charles McCollum, MARBLEHEAD; Cassandra Koutalidis, MEDFORD; Katherine Haynes Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Jeff Zager, READING; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD.

Also present: Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Vincent Roy, NEEDHAM; Harvey Boshart, WESTON; Ed Bretschneider, WAC; Lexi Dewey, WSCAC; Fred Laskey, Rachel Madden and Dave Whelan, MWRA STAFF; Joe Favaloro, Matthew Romero, Maggie Atanasov and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF; Cornelia Potter, MWRA ADVISORY BOARD CONSULTANT.

A. WELCOME

Chairman Katherine Dunphy called the meeting to order at 11:30 a.m. and thanked the MWRA for the use of their facility.

B. REPORT OF THE EXECUTIVE DIRECTOR

MWRA Advisory Board Executive Director Joseph Favaloro said this past December, the Executive Committee met with MWRA Finance staff. Finance staff gave a thorough presentation on the MWRA's "mountain" of debt, finances and planning projections and plans to bridge that gap going forward into the 2020s. The presentation is listed on the Advisory Board's website.

Mr. Favaloro introduced Maggie Atanasov, the Advisory Board's new Government/Media Coordinator who joined staff on December 1. Ms. Atanasov stated that she has had seven years of government experience, having worked for Treasurer Cahill and Speaker DeLeo. She recently got her Masters Degree in Public Affairs and expressed her desire to continue in public service.

C. PRESENTATION: MWRA'S PROPOSED FY12 CAPITAL IMPROVEMENT PLAN – Rachel Madden, Director of Administration & Finance and David Whelan, Budget Manager

Director of Finance and Administration Rachel Madden stated that when the MWRA originally rolled out its cap in June of 2008, it was projected that the five-year cap would be \$1.143 billion, which was in full compliance with the plus or minus 20% criteria and is the baseline cap against which the Authority will compare itself going forward. Staff currently projects that the cap will

come in at \$1.06 billion, which is about an \$83 million reduction, or 7.2%. The biggest drivers in those reductions are a result of contingency allowances that were built in during the early years when the baseline cap was first done, which were not used; some project shifts; and lower award prices than had been projected when the cap was first established.

While the MWRA's outstanding debt at this point is \$5.8 billion, in the next ten years between FY12 and FY22, staff estimates on average that the annual rate revenue requirement will increase by about \$40 million. Of that, \$29 million will be associated with debt service; so 72% of the projected rate revenue requirement increases are completely attributable to debt service.

Overall, the entire program represents \$2.2 billion and extends to the later years because the CIP goes out as far as 2048.

In this cap period, CSOs continue to be one of the biggest drivers at 31% of total spending. The good news is that by the end of this cap period, when FY13 concludes, staff anticipates having concluded 97% of the CSO spending and that will allow the MWRA to move on to more asset protection projects and place more emphasis on maintaining the facilities.

MWRA Chief Operating Officer Michael Hornbrook said commencing in FY12, Deer Island asset protection will become the single largest wastewater cost center. For the future, MWRA is programming nearly \$500 million in asset management and protection on Deer Island and that simply means replacement of equipment and structures that have reached their useful life, rehabilitation of deteriorating parts of the plant that are over 15 years old and, in some cases, it is technology obsolescence.

The North Main Pump Station is an 800 million gallon per day pump station and is the largest single pump station in New England. It conveys flow from over two-thirds of MWRA's service area to Deer Island. All the flow at Deer Island has to be lifted up from tunnels into the treatment process. This pump station was constructed during the original Deer Island construction and was upgraded in the 1990s, including the variable frequency drives (VFDs). The VFDs have reached technological obsolescence; MWRA cannot get replacement parts for the VFDs. A \$46 million contract has been advertised. There are ten pumps and only one pump can be taken out at a time, so this contract will have a 52-month duration. For FY12, this project will be in construction, spending \$16 million. For the current cap period FY09-13, nearly \$28 million in spending is expected on this one single project at Deer Island.

Struvite buildup is taking place in the digester sludge lines on Deer Island. These lines are typically 12 to 16 inches in diameter and are glass lined; they convey liquid sludge. The struvite is being treated with a chemical process but the sludge pipelines need to be replaced, including 370 small valves that will need to be replaced as well, at a cost of \$11 million; this construction will take place in FY12.

Another big driver of costs will be projects on three remote headworks located at Chelsea Creek in Chelsea, Columbus Park in South Boston and Ward Street, located near Wentworth. The purpose of these facilities is to screen flow from the northern communities with mechanical screens and remove grit. The screens protect the pumps at Deer Island and have caught 2X4 pieces of wood, a set of stairs, plywood and shopping carts. That material has to be removed before the flow drops into the tunnel. Grit and sand has to be removed as well so the tunnel system doesn't fill up with these materials.

All three of these headworks were built in 1967 and had minor upgrades in the mid-1980s. They are the workhorses of the wastewater system and need to be rehabilitated. It is important that these screens be reliable and robust. This is a challenging project because flow has to be maintained while the various screens are rehabilitated. This project will be in construction in FY12, with big spending starting in FY13; the total cost is \$88 million.

The West Roxbury Tunnel is an 84” tunnel that conveys flow from about 120,000 people west of the Charles River from the Framingham system and the Wellesley extension system. Corrosion has occurred and a preliminary inspection has been done to determine what method of rehabilitation (slip-lining, cured in place, drive another tunnel) will be utilized. This tunnel, like the headworks, must continue to maintain the flow while it is being rehabilitated. Some spending and construction should begin by FY13.

There is no single large driver on the water projects. There are \$139.5 million budgeted on “Other Waterworks Projects.” The largest water projects include the addition of Ultraviolet Disinfection to the John J. Carroll Water Treatment Plant, the Spot Pond Storage Tank and the MetroWest/Lower Hultman Rehabilitation. These projects will be in construction in FY12 and FY13.

Cassandra Koutalidis said that 97% of the CSO spending will be done by FY13; are there any further CSO projects that the MWRA is looking at? Mr. Hornbrook said there is some small spending beyond FY13; through court order, completion of the CSO projects is by 2015. At the end of that program, MWRA has to meter and monitor it for two years to ensure that MWRA has reached the goals it has promised to reach. There is nothing else on the table for additional CSO projects by the MWRA going forward.

Ms. Koutalidis asked if there is any SSO work planned. Mr. Hornbrook said in the FY12 CIP, MWRA has included two projects. One is a north system optimization project where staff will see if there is any way to optimize on the north side – is there any available capacity in one line that could help transfer flow during certain flow conditions; is there any way to mitigate multiple SSOs by bringing them to a central point; is there any way that an SSO could have less impact at another location, for example. The bottom line is that Deer Island, the outfall and the tunnel system have a 1.3 billion gallon capacity and the MWRA is trying to optimize on that.

Ed Bretschneider said in respect to asset protection spending, is there any way to benchmark that to similarly aged facilities. Mr. Hornbrook replied in the affirmative but noted that the costs will be high. Keeping in mind that Deer Island has \$3.4 billion in assets. The small rule of thumb is to do 2% per year; 2% of \$3.4 billion is a lot of money. Staff has seen across the country that people cannot sustain that high a level. If you look at useful life of something that is 20 years and at the end of that time you are going to replace it, the expenditures start getting completely out of hand. We are seeing that others are below the 2%.

Mr. Hornbrook noted that as science advances and the analytical equipment gets better and better, there are always emerging contaminants in the water supply that are coming out; however, there is not a good risk assessment that comes out with them. Because there is a machine that can measure to “parts per billion,” it doesn’t mean that is a health-related issue.

Ms. Madden said the FY12 CIP represents an overall \$147 million increase over the FY11 CIP but the vast majority of that increase is outside of the cap period. The drivers of that increase are \$117 million associated with new projects that have been added, as well as \$42 million in

updated cost estimates for projects, which are offset by awards that came in lower than projected.

Up to 80% of the Authority's budget has been for mandated projects. The shift to asset protection and water redundancy projects will be predicated upon no new mandated projects being assigned to the MWRA.

In FY14 to FY18, asset protection will be the majority of the Authority's spending in the capital program at 57.4%.

D. COMMITTEE REPORTS

Operations Committee – Jay Fink

❖ PRESENTATION: APPLICATION FOR SEWER CONNECTION FROM A RESIDENCE AT 24 DEAN ROAD, WESTON THROUGH A LOCAL CONNECTION IN THE TOWN OF WELLESLEY UNDER SYSTEM EXPANSION POLICY OP.#4, SEWER CONNECTIONS SERVING PROPERTY PARTIALLY LOCATED IN A NON-MWRA COMMUNITY (THE STRADDLE POLICY) – Harvey Boshart, Property Owner

Mr. Favaloro said as part of the System Expansion Policy, there is a component for properties that straddle two communities, in this case Weston, a non-MWRA wastewater community, and Wellesley, which is part of the MWRA's wastewater system.

The applicant, Harvey Boshart, stated that he has a property in Weston that straddles the Weston/Wellesley town line with about 40% of the property and 20% of the structure in Wellesley. The house was built in 1927 and has an existing cesspool that recently failed Title 5 due to seasonably high groundwater levels being higher than the bottom of the cesspool.

Over the last six months, Mr. Boshart said he has been working on getting the straddle policy approved. The cesspool is located in Wellesley; because of problems with it, he chose to go with the sewer hookup, working with Wellesley to do a four-to-one reduction plan and received Weston Town approval and Wellesley DPW and Town approval for the connection.

Mr. Favaloro said there will be a four-to-one removal of inflow coming out of the Wellesley system and projects have been identified to accomplish this. The entrance fee will be approximately \$18,000 based on the calculation of flow and all other pieces have been accomplished. This application will be before the Advisory Board for a vote next month.

Executive Committee – Katherine Haynes Dunphy

❖ LEGISLATIVE UPDATE

Mr. Favaloro noted that MWRA and Advisory Board staff were recently at the State House to ensure that all of the legislative initiatives have been circulated and filed. All of the legislation is now in play. Staff will continue to look for ways to provide ratepayer relief.

❖ MMA CONFERENCE PREVIEW

For the MMA Conference, the Advisory Board will be participating in a workshop/panel discussion on 25 years of the MWRA and the Advisory Board. Panelists will be Robert DeLeo, Speaker of the House; Robert Varney, former EPA Regional Administrator; William Golden, the attorney who filed the lawsuit that resulted in the Boston Harbor cleanup; Fred Laskey, MWRA Executive Director; and Katherine Dunphy, MWRA Advisory Board Chair. John Carroll will be the moderator.

❖ **STATUS: NPDES PERMIT**

Mr. Favaloro noted that EPA recently joined a lawsuit that was filed by the Conservation Law Foundation against the Boston Water and Sewer Commission regarding Sanitary Sewer Overflows (SSOs).

The Advisory Board has long-stated that EPA would like to use the National Pollutant Discharge Elimination System Permit (NPDES) as a vehicle to go after communities for enforcement. Seeing what is going on with Boston makes staff believe there will be more aggressive enforcement. Staff does not want the NPDES permit to be the vehicle that is used, making the MWRA the “bad guy” that is required to enforce the permit.

The Advisory Board issued an editorial in *News & Notes* regarding EPA’s actions. In addition, a more strongly worded letter was written by Robert Moylan, Commissioner of the Department of Public Works in Worcester, in reference to EPA directing the City of Worcester to follow BWSC’s protocol in developing an illicit discharge detection and elimination program in 2008 and yet somehow BWSC has gone from a model system in 2008 to a failure in 2010 based on this lawsuit.

Additionally, Saugus charged I/I fees to developers in Saugus, which they used to reduce inflow and infiltration in their system. Many communities follow this procedure. Two developers took court action against Saugus and the courts ruled in their favor. Saugus appealed that ruling and lost the appeal as well. This ruling could affect other communities should developers file suit.

Finance Committee – Bernard Cooper

❖ **UPDATE: AVAILABLE CENSUS DATA FOR FY12 COMMUNITY ASSESSMENTS**

The 2010 Census numbers are still not available. Population is an important component of the wastewater assessment. The Executive Committee determined that the FY12 assessments will be based on the 2000 census data that was updated in 2009, which are the best numbers available.

❖ **UPDATE: CEB/CIP**

Matthew Romero said staff has been reviewing data on the CIP and expects to receive more data on the CEB going forward. The preliminary assessments are expected in February and the CEB will be formally transmitted to the Advisory Board for its statutory review. The Advisory Board’s review will be an integrated approach on both the CIP and CEB; briefings have been scheduled for the month of March with budget staff and the divisions.

Last year’s rate increase of 1.49% was the lowest increase since 1996 and the Authority also managed to get their proposal for FY12 and FY13 to under 4%. The Advisory Board believes that is a great starting point and looks forward to an engaging debate on what the right number below 3.95% will be for FY12.

E. **ADJOURNMENT**

A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:30 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Secretary