



**EXECUTIVE COMMITTEE MEETING  
FRIDAY, JUNE 14, 2013  
ADVISORY BOARD OFFICE**

Minutes Approved at the September 13, 2013 Meeting

Present: John Sullivan, BOSTON; Andrew DeSantis, CHELSEA; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Rob King, SOMERVILLE; John DeAmicis, STONEHAM; Carol Antonelli, WAKEFIELD.

Also in attendance, John Carroll and Joseph Foti, MWRA BOARD OF DIRECTORS; Joseph Favaloro, Matthew Romero, Maggie Kenneally, Cornelia Potter and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**I. Approval of the May 10, 2013 Minutes of the Executive Committee**

Chairman Katherine Haynes Dunphy called the meeting to order at 8:44 a.m. A Motion was made **TO APPROVE THE MAY 10, 2013 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

**II. Update: FY14 CEB/CIP Budget Review**

MWRA Advisory Board Executive Director Joseph Favaloro stated that the MWRA Board of Director's hearing on the MWRA's Proposed FY14 Current Expense Budget (CEB) / Capital Improvement Plan (CIP) was held last week. At this point, staff has not received a formal response from the Authority on the Advisory Board's *Comments and Recommendations*; however, MWRA staff plans to go back before the MWRA Board on June 26<sup>th</sup> with its final plan. It is fair to say, led by the Advisory Board's three Board members, that the Board will approve a 3.49% rate increase for FY14. This reduction in the proposed increase will save about \$2.2 million.

The rate revenue requirement will come in at the number that the Advisory Board recommended; however, the Authority will likely meet that number with different methods than the Advisory Board chose.

On the CIP side, staff believes that the MWRA will be supportive of its recommendations with the exception of the hatchery pipeline.

The finalized version of the Advisory Board's *Comments and Recommendations* can be found at: <http://sdrv.ms/104u1Rq>.

John DeAmicis stated that he had an issue with the MWRA making Other Post-Employment Benefit (OPEB) payments with community funds before the communities are able to fund their own OPEB liabilities. MWRA Board Member Joseph Foti stated that he understood; however, regardless of what the communities are doing, at some point the MWRA has to take action. Mr. DeAmicis said that the Authority always wants to be aggressive and do everything up front. Mr. Foti said the Authority doesn't need to be overly aggressive but it does need to start getting onto a schedule to meet these obligations.

Mr. Favaloro added that the Authority is aggressive in a good way at times; for example, though the Authority could have gone to 2040 to fully fund its pension liability, the Authority chose to push to have that liability fully funded by 2024. No one, at this juncture, is asking the Authority to extend that schedule to 2025 or 2030. That is the first level of aggressive.

The second level of aggressive is that the Authority, in a heartbeat, would open an irrevocable trust to begin to fund its OPEB liability. In that regard, the Advisory Board has held the Authority at bay. Instead, the Authority's plan is to pay more into the pension fund to bring it to 100% and then it will begin to fund the OPEB liability. OPEB is a real liability that has to be addressed but the Advisory Board has delayed the inevitable. The only extra pension payment that Advisory Board staff took exception to is the mortality table increase, which doesn't take effect until 2015.

### **III. NPDES Permit Impacts on Communities**

Mr. Favaloro said next week MWRA Chief Operating Officer Michael Hornbrook, Senior Staff Counsel Christopher John and Authority staff will begin to outline the impacts that the co-permittee language for the Clinton National Pollutant Discharge Elimination System (NPDES) permit, and likely the Deer Island NPDES permit as well, will mean for communities as relates to how EPA can then direct communities to more aggressively pursue stormwater and other related issues.

EPA plans to use information from the Charles River decision that was given to members last month as the basis. The Advisory Board had spoken to an attorney about going to battle in regard to the co-permittee language, however, there have been two lawsuits since then and EPA went to court and had decisions overturned and developed language that is going to be part of all NPDES permits moving forward. Mr. Favaloro said he doubted a legal challenge would be successful.

Frankly, the co-permittee language will hand the Authority the initial "leash" on communities and EPA will expect the Authority to "choke the leash" when it needs to be choked. This could hurt the MWRA's relationship with the communities.

#### **IV. Recent Inquiries/Requests for MWRA Water**

A few weeks ago, with the less than average rainfall, the Advisory Board thought that this could have been a banner summer for the MWRA; that has changed with the nine inches of rain that has fallen during the first half of June. Requests for water will likely be down; however, there are two active requests.

The first request is from the Town of Hudson, which has requested and already received water through Marlborough to do some work within its system. It is a nominal amount of water in the 500,000 gallon range.

The second request is from the City of Woburn. Woburn is currently a partially served water community; however, they will be receiving 100% of their water from the MWRA while they do some work at their facility.

A third request has come from the City of Cambridge. Cambridge has had some e-coli issues within its water supply so they want to switch over to the MWRA system, which would be a straightforward emergency withdrawal and they would pay approximately \$3,000 per million gallons to take MWRA water.

Additionally, MWRA is doing a major Weston Aqueduct Supply Main (WASM) project and they have to go over the raw water supply of Cambridge and the MWRA has essentially asked Cambridge to shut its water system down for about one week while the MWRA does this project. The Authority has offered to supply Cambridge with MWRA water for that short period of time at no charge because they have asked them to shut their water supply off.

In a subsequent letter, Cambridge has stated that it has found 17 illegal connections on the wastewater side in and around the same area and are doing CSO work in that area as well. Cambridge has requested that the Authority provide Cambridge with water from August through December at no charge. Mr. Favaloro said this is not a straightforward issue. If it is an eligible cost under the CSO project then obviously the worst case scenario is that it would be paid out of the CSO contract for Cambridge. Water communities should not be paying for a wastewater project. That is one scenario.

For the second scenario, Mr. Favaloro has requested that Authority staff look at the costs for the Authority to produce one million gallons, which is in the \$3,000 range at the wholesale price. If Cambridge's number, for example, were \$2,250 per million gallons, all the MWRA should be "on the hook" for is the difference between the \$2,250 and \$3,000. The Advisory Board wants to ensure that all of the water communities are held harmless.

## **V. Legislative Update**

Mr. Favaloro stated that Conference Committee has met but staff has not received confirmation on whether the \$600,000 that was included in the House Budget will be included in the Conference Committee Report.

There had been running discussion between DCR and the MWRA that MWRA has space on DCR's microwave towers and they are supposed to pay about \$120,000 per year for rental of those towers. DCR hasn't billed the MWRA in close to ten years. The funds used to go into the General Fund; however, that changed in last year's budget. DCR is now going back to try to get these rental costs. Mr. Lambert asked the Authority for \$1.2 million to make up for the ten years. Mr. Laskey refused.

Mr. Favaloro met with the Secretary of EOEEA and stated that the MWRA would have no problem paying for the current year, but would absolutely not go back and pay for previous years. Additionally, if the bill for the current year isn't received by the MWRA by June 30<sup>th</sup>, then DCR will have lost another year.

The Economic Development Report contract has been extended through September to bring the report out fresh during the new fiscal year.

## **VI. August Field Trip**

The detention center at the Alewife Brook is being considered as a field trip destination; however, weather would be a factor in this location as a destination. Spot Pond covered storage is also being considered, with other locations being considered as well. The field trip will be scheduled for August 15.

Bernie Cooper asked when the last trip to Quabbin was. Mr. Favaloro said four years ago in the fall.

John Carroll suggested that it might be a good idea to go to Chelsea and see the SCADA system and then go to Deer Island and have a cookout. There is always something different to see at Deer Island.

Mr. Favaloro noted that the boat tour was well received. If that were considered, the boat could come to Deer Island and lunch could be there as well.

## **VII. Approval of the Advisory Board Agenda for June 20, 2013**

A motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE JUNE 20, 2013 MEETING**. It was seconded and passed by unanimous vote.

### VIII. Adjournment

A motion was made **TO ADJOURN THE MEETING AT 9:33 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "William Hadley". The signature is written in a cursive style with a long, sweeping tail on the final letter.

William Hadley, Secretary