



Executive Committee Meeting

Friday, November 15, 2013
8:30 AM

Advisory Board Conference Room
100 1st Avenue, Building 39-4
Boston, MA 02129

Attendees

John Sanchez	Burlington	Andrew Pappastergion	MWRA BOD	Monica Lamboy	Collins Center
Tim MacDonald	Cambridge	Craig Leiner	Natick	Joseph Favaloro	Staff
Anthony Marques	Hudson	Lou Taverna	Newton	Matthew Romero	Staff
Donna Marques	Hudson	Mike Coffey	Quincy	Cornelia Potter	Staff
Katherine Dunphy	Milton	Nick Rystrom	Revere	Mary Ann McClellan	Staff
John Carroll	MWRA BOD	John DeAmicis	Stoneham		

MINUTES APPROVED AT THE JANUARY 10, 2014 MEETING

I. Approval of the September 13, 2013 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:37 a.m. A Motion was made **TO APPROVE THE SEPTEMBER 13, 2013 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Action Item: Request for 6-Month Emergency Water Connection

MWRA Advisory Board Executive Director Joseph Favaloro stated that by statutory language and the rules of the MWRA, when a community asks for emergency water, they get six months by right; when they make a second six-month emergency water request, they have to go through a truncated process. The second request triggers premium charges of 10% and allocation of asset charges of 10%.

Director of Public Works Anthony Marques stated, on behalf of the Town of Hudson, that he appreciates the efforts of the MWRA and the Advisory Board in this emergency situation. The Town is within the timeframes cited in the consent order with the Department of Environmental Protection (DEP) and expects to meet all of the deadlines within the consent order. More than likely, Hudson will be returning in July 2014 for an additional six-month extension because the work is not scheduled to be complete until December 2014.

On average, there would be 500,000 gallons per day (GPD) in withdrawals from the MWRA, with more than 700,000 GPD in the summertime. Currently, Hudson is at 350,000 GPD and by the end of the first emergency period, the average will be in line with the 500,000 GPD. Because the timeframe includes a winter and spring season, the consumption in the early part of the year would be lower and in May and June consumption is anticipated to increase.

Hudson continues to work diligently to resolve its water issues.

John DeAmicis questioned whether the Town would consider joining the MWRA. Mr. Marques said that is a policy decision that he is not privy to. When all of the wells are functioning, the Town does have sufficient capacity. Additionally, the largest consumer within the town (Intel) is closing its manufacturing plant in December 2014 so consumption is expected to drop significantly after that.

A motion was made **TO ALLOW THE TOWN OF HUDSON TO ACTIVATE A SECOND EMERGENCY WATER SUPPLY CONNECTION TO THE MWRA WATERWORKS SYSTEM, VIA THE CITY OF MARLBOROUGH, FOR A SIX-MONTH PERIOD, WITH A START DATE IN JANUARY 2014 THROUGH JULY 3, 2014. HUDSON WILL ABIDE BY THE RULES STIPULATED UNDER MWRA EMERGENCY WATER SUPPLY WITHDRAWALS (POLICY #OP.05), INCLUDING PAYMENT OF A 10% PREMIUM CHARGE OF THE MWRA'S PREVAILING RATE PLUS 110% OF THE ANNUAL PAYMENT ASSOCIATED WITH THE ASSET VALUE CONTRIBUTION PAYMENT (ENTRANCE FEE EQUIVALENT) AMORTIZED WITH INTEREST OVER 15 YEARS.** It was seconded and passed by unanimous vote.

III. NPDES Permit Update

Mr. Favaloro stated that staff submitted comments on the Clinton/Lancaster sewerage district National Pollutant Discharge Elimination Systems (NPDES) permit to the Environmental Protection Agency (EPA). Because of the government shutdown during this timeframe, staff felt it would be better to submit the comments rather than to wait to see if a 30-day extension had been granted. EPA did grant the extension. In the event that the NPDES permit comes forward with the same language, the Advisory Board has protected its rights for a formal appeal by submitting the comments.

Though it may be unsuccessful, there will likely be an effort to dilute or eliminate the co-permittee language.

IV. Office/Staffing Update

Mr. Favaloro stated that the process to hire a new Finance and Policy Analyst began in late October, with 43 applicants applying for the position. Ten people were interviewed and the field was narrowed to four applicants that will be returning for a second interview next week.

Additionally, we had talked about bringing in a consultant to do a compensation study. King and Bishop, the consultants that did a previous study for the Advisory Board in the early 2000s, will be providing a proposal for a new compensation study. They will be evaluating three full-time positions within the office. The Executive Director's position will not be included in the study.

The study is expected to be complete by January 15, in order to include the findings for budgeting purposes for approval by the May meeting. Staff has "held the line" for multiple years and between Wages and Salaries and Rent, the nominal increases we have been requesting may not be as small as they have been in previous years.

Staff has put a shutdown on spending this year in anticipation of financial needs within the office. In an arbitrary way, Mr. Favaloro said he had indicated staff wouldn't get step increases until January, Cornelia's hours for FY2015 would be cut and there would be no discussion on an increase for the Executive Director, once his evaluation occurred. In the interim, the Authority gave its non-union personnel an increase of 1.5% retroactive to July and an additional 1.5% in January. Mr. Favaloro requested that staff receive an increase retroactive to October, which includes no cost of living increases, but simply a step increase for FY14.

The Government/Media position ended in June, with all legislative functions now being completed by the Executive Director. Mary Ann McClellan does News and Notes and Board of Directors' Summaries and Matthew Romero works the website and all of the other pieces that were part of the Government/Media position. All of these responsibilities were distributed to other staff. Because of the reallocation of this work, there is approximately \$20,000 that has been unspent.

John Sanchez made a motion **TO PROVIDE ADVISORY BOARD STAFF WITH A STEP INCREASE EFFECTIVE OCTOBER 1, 2013**. It was seconded and passed by unanimous vote.

V. Preview: 2013 Retail Water and Sewer Retail Rate Survey

Director of Communications Matthew Romero stated that MWRA final wholesale assessments increased by 3% in FY13. In 2012, the average MWRA community household ranged from \$898 to \$1,347, with the lower rate coming from the MWRA's proxy of 60,000 gallons per household and the larger amount coming from the American Water Works Association's (AWWA) 90,000 gallon per household estimate. Historically, the Advisory Board has used the 90,000 gallon total for its survey. The average MWRA community retail rate increase was 3.9%.

Over a ten-year history, last year from 2002 to 2012, community retail rates had increased by 70%.

Looking at the statistics for this year, the final wholesale assessments increased 3.49% for FY14. The average MWRA community household charges range from \$925 to \$1,388 and the average MWRA community retail rate increase is 3.1%. There were three communities with decreases in their rates and 18 communities with no increase.

From 2003 to 2013, MWRA community retail rates increased by 65%. Using the 90,000 gallon standard, the average retail rate cost for combined water and sewer from 2003 to 2013 increased by about \$546 per year.

The average cost for MWRA communities receiving only water services from the MWRA was \$514 across the service area and the average cost for communities receiving only sewer costs was \$879. The annual residential cost for MWRA communities for both water and sewer is \$1,388 at 90,000 gallons per year.

The average cost for combined water and sewer services across the United States is \$1,092, based on 90,000 gallons.

Proofs have been sent out to communities and staff will incorporate any adjustments that come in from the communities. This year, rather than print numerous hard copies, staff looked into the cost of distributing thumb drives that will not only include the thumb drive, but also the Economic Development Report as well. This will result in a savings for the Advisory Board, not only in printing costs but mailing costs as well.

John Sanchez stated that his community provides DEP with an average flow number. Where do you find that information for all of the communities? Mr. Romero said Leo Norton at the MWRA would be able to answer that question. The numbers that communities provide to DEP are given to Leo Norton; he takes that information and extrapolates it with the census data and combines it with the residential component of your community to get an average per year for residential units in your community.

Andrew Pappastergion asked why he doesn't just use the number that is in the DEP report that the communities calculate. This confuses people. The method the communities use includes the census data, population data, flow data and if a community computes that it is using 68 gallons per capita per day and reports it to DEP and then this report comes out with a different number.

Mr. Sanchez said that is his point. He can't find that number anywhere and his number is different than that. Mr. Romero said the MWRA insisted that we include this number. They said the number we were using (120 HCF or

90,000 gallons) is not the real number and they wanted the numbers that were reported to DEP to be used and they wanted to be the ones to take charge of that number.

Mr. Pappastergion said it doesn't matter what number the MWRA chooses to use; why should they dictate what is included in the Advisory Board's report? Mr. Sanchez agreed. Mr. Favaloro noted that this has been a long-standing issue and in defense of the Authority, it didn't totally generate from the MWRA. The MWRA was always concerned that no one actually uses the AWWA standard of 90,000 gallons and this will inflate what water and sewer rates in the area are. In the last eight to ten years, the Advisory Board acquiesced and decided to use the DEP numbers.

Mr. Pappastergion said the 60,000 versus the 90,000 gallons are a whole different issue; those numbers are used for comparison only. The amount per capita per day is another story; that is a regulatory target that communities have to meet. If somebody calculates a number differently than what has been reported to DEP, that is a problem. Mr. Romero suggested that Mr. Pappastergion speak to Mr. Norton directly to walk him through the calculation. Mr. Pappastergion said he did not care what Mr. Norton's calculations are; he stated that he only cares what his calculations are and what DEP has accepted.

Mr. Favaloro said for this report, we cannot go back and re-do it. Included on the page will be the definition of how MWRA calculates the residential use and for next year, staff will do as the Executive Committee suggests and if the number is what is submitted to DEP, that will be the number used in the report.

Mr. Sanchez said he ignores the numbers calculated by the MWRA because he isn't going to trust anyone else's numbers.

Mr. Romero said staff has kept the 90,000 gallon AWWA standard for historical purposes. It is not about the dollars calculated but rather the percentage. As Mr. Favaloro suggested, staff will add the definition on how the calculation was utilized in this year's document and adjustments will be made for future documents to reflect numbers reported to DEP.

VI. Legislative Update

Mr. Favaloro stated that the past few months have been very busy legislatively. There has been a phenomenal start with Senate Bill 1880, which includes reimbursement for I/I projects, entrance fees, connection fees, and an increase in the State Revolving Fund. The Economic Development Report should help strengthen the argument in support of this bill. Staff is continually meeting with the House and the Senate. Goal number one for staff is to try to include Debt Service Assistance within SB1880 as well. That battle will likely occur in Conference Committee.

Staff will continue to work for a streamlined regulatory process, with one complete analysis per basin, with updates as a new community comes in. Communities should not have to start from scratch when the analysis has already been done by the preceding community; a simple update should suffice.

Chairman Dunphy noted that SB1880 includes language that a community will not be able to receive SRF funding from this bill if it has not adopted the state version of the Enterprise Fund.

Mr. Favaloro said in September we had discussions about the Advisory Board becoming the "MMA" (Massachusetts Municipal Association) of water and wastewater issues for communities. What additional services could the Advisory Board provide for communities that they would otherwise have to get on their own? We also

cut the October Advisory Board meeting and talked about eliminating the March Advisory Board meeting as well. That is the timeframe where staff is deep into budget review but there is nothing more to do at the March meeting than to update members on the review. Cognizant of the language that was in the bill, staff reached out to the state and would suggest to the membership that we could use the month of March to bring in Steve McCurdy of the SRF and state officials to provide communities with a primer on what is in the state Enterprise Fund and provide the information needed for communities to be able to have access to the SRF funds. Chairman Dunphy said she thinks it would be useful for the communities, particularly towns that have Town Meeting in the spring, to know about this now. Mr. Favaloro said he would bring it up at next week's meeting during the legislative update.

Mr. DeAmicis said, remaining optimistic, the I/I Grant/Loan Fund was mentioned. Currently, the money for that funding is in the MWRA capital program. How much is that funding per year? Mr. Favaloro said they have done over \$250 million in combination grants and loans. Mr. Romero noted that there has been discussion about increasing the funding as well. Mr. DeAmicis asked how much it is per year. Mr. Favaloro said the MWRA pays the debt service on it and he would have to get the actual number.

John Carroll stated that he plans to propose that the amount of I/I Grant/Loan funding be doubled through the Operations Committee in December. He stated that he believes all of the communities can utilize these monies. It doesn't cost the Authority anything except interest. Mr. Favaloro said it also includes a grant piece, which does cost the Authority. However, this funding provides up to \$13.9 million on an annual basis that goes to helping communities with their I/I projects.

Mr. Favaloro noted that SB1880 has spurred discussion with Tri-Town (Braintree, Holbrook and Randolph) on system expansion. Messrs. Laskey and Favaloro met with Mayor Sullivan of Braintree for nearly two hours the day before to try to hammer out ways to make this work. A meeting with the Tri-Town Board will be held next month and a decision is expected after the first of the New Year.

VII. Economic Development Report

Mr. Favaloro noted that staff from the Collins Center was before the full Advisory Board in September to begin to outline the Economic Development Report, which is nearing completion. Based on feedback from members and others, some changes have been made and the Sustainable Water Management Initiative (SWMI) chapter has been revisited. Monica Lamboy has come back to highlight those changes.

Ms. Lamboy stated that she has gone back and changed some methodology. The Collins Center was tasked with looking at the relationship between economic development and investment in water and sewer infrastructure. Academic studies have shown that connection, with a particular benefit coming from water and sewer infrastructure investment over other types of infrastructure investment.

Studies were done of the Boston waterfront, Somerville, Stoughton, Taunton and Weymouth, all of which tell different but interesting stories on the full range of what can happen if the water and sewer infrastructure is available or not available.

When the Collins Center originally showed the results of the water chapter, it had looked at SWMI in one way; changes have been made looking at SWMI in a different manner. A filtering analysis was used for the new report looking at where there are basins that are already constrained, such as the Ipswich and Ten-Mile River Basins. The report also identifies basins that are very close to their safe yield.

With SWMI, when someone requests a new permit, it is going to be looked at with a much higher level of scrutiny with a series of different lenses. The report tries to identify communities that might need to get some additional permitted water that would throw them into that group of needing additional scrutiny.

If the basin is already constrained, certainly that is an area; if the basin is close to the safe yield, when everybody gets together with their growth plans does that then create a whole group that is in need of a review.

There are also some studies that the Office of Economic Development and EOEEA had done, which looked at the Interstate 495 and Merrimac Valley areas because they are trying to do broad plans for these areas to figure out where growth can happen and which communities should stay the way they are and they identified specific communities.

Then the study looked at municipalities that in 2012 exceeded their allowed safe yield and there is surprisingly a long list of municipalities that fall into that category.

All of those layers put together resulted in a list of 81 communities across the state, excluding the Cape, the Islands and the far western border. It ranges from Abington and Rockland to Danvers. Cambridge came off the list, which had been included in the previous iteration. There were municipalities that had the potential for 4,000 new jobs to communities with decreases in jobs. Across the whole group, 66 communities were in the Boston-metro area. In all, there was the potential of 44,200+ jobs in these communities. Within the Boston-metro region it is about 19% of the total job growth projected through 2035 within the communities that may need to ask for more.

The Commonwealth is promoting water conservation as step one. Getting a handle on unaccounted for water is also going to be part of the mix for communities that have high percentage rates of unaccounted for water.

There are billions of dollars in a projected gap between resources that are available and the cost to just maintain the systems as they are.

Mr. DeAmicis said so the list is a combination of communities that are, in theory, constrained today or likely to be constrained in the future. Ms. Lamboy said yes and the report will walk its readers through in an understandable way.

Ms. Lamboy said this study looks strictly at the water and sewer needs but when one tries to solve it, it should not be done in isolation of all of those other factors.

John Sanchez asked how the Collins Center came up with its growth numbers. Ms. Lamboy said we took them strictly from the Metropolitan Area Planning Council (MAPC) data. Cities and towns report to them with all of the possible new developments that could be happening, so it begins with the municipal plans and ideas.

Mr. Favaloro noted that the Advisory Board has slowed the process of the Economic Development Report a couple of times. Part of the rationale is that "timing is everything." The shelf-life of a report is all of eleven seconds so staff wants to ensure that water and wastewater infrastructure receive the focus that it deserves. Ms. Lamboy will be accompanying the Advisory Board for a presentation before the entire legislative caucus in the December timeframe.

Advisory Board staff is developing its strategy to get the report out onto the street. Staff reached out to the Pioneer Institute, MA Taxpayers Association, AIM and they will receive, after today, an advance copy of the report

so that they will be ready and willing to jump in with their support when it is released to the public. Staff is shooting for a press release for the day after Thanksgiving.

VIII. Approval of the Advisory Board Agenda for November 21, 2013

A motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE NOVEMBER 21, 2013 MEETING.** It was seconded and passed by unanimous vote.

IX. Adjournment

A motion was made **TO ADJOURN THE MEETING AT 10:19 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

A handwritten signature in cursive script that reads "William Hadley".

William Hadley, Secretary