



Executive Committee Meeting

Friday, June 13, 2014
8:30 AM

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

Attendees

Tim MacDonald	Cambridge	Lou Taverna	Newton	Joseph Favaloro	Staff
Rob King	Framingham	Bernie Cooper	Norwood	Matthew Romero	Staff
William Hadley	Lexington	Michael Coffey	Quincy	Cornelia Potter	Staff
Katherine Dunphy	Milton	Nick Rystrom	Revere	Travis Ahern	Staff
John Carroll	MWRA Board of	John DeAmicis	Stoneham	Mary Ann McClellan	Staff
Andy Pappastergion	MWRA Board of				

MINUTES APPROVED AT THE SEPTEMBER 12, 2014 MEETING

I. Approval of the May 9, 2014 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 MAY 9, 2014 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. FY15 Budget Review Status

MWRA Advisory Board Executive Director Joseph Favaloro reported that Advisory Board Chair Katherine Dunphy attended the June 4th Board of Directors hearing on the CIP and CEB budgets where Advisory Board and MWRA staff made presentations. There was a good dialogue and staff believes that the MWRA is in agreement with the Advisory Board's recommendations.

The "pay it forward" concept of utilizing any Debt Service Assistance (DSA) received to offset the following fiscal year's rate revenue requirement was embraced and will be incorporated into the budget.

The \$2+ million in reductions identified by Authority staff will offset the use of rate stabilization funds, though the Authority may get to that number in a different manner than Advisory Board staff. This will allow the rate stabilization funds to be preserved for use to lower the increase for FY17, etc.

Mr. Favaloro said one of the most important things to come out of this budget process is the huge expansion of the Inflow/Infiltration (I/I) Grant/Loan Program. The doubling of funds for Phases 9 and 10, the 75%/25% grant/loan allocation and the ten-year payback were accepted by MWRA staff and the Board of Directors. Chairman Dunphy said she was sure that the communities would appreciate getting the 75%; the communities are paying for it anyway and the 75% will help get projects approved at town meetings.

Director of Communications Matthew Romero noted that the MWRA did accept the Advisory Board's recommendation that the I/I Program be removed from the capital spending cap calculation since the funding level for these two phases was recently doubled and was not accounted for in the Authority's proposed budget. Mr. Favaloro added that the extension of the repayment terms to ten years would also have an effect on the Authority's budget as well. Also, an extra 30% is now part of the grant portion as opposed to the loan portion with the increase from 45% to 75% for grants.

Finance and Policy Analyst Travis Ahern has put together a ["green sheet" video](#) that outlines the Advisory Board's *Integrated Comments and Recommendations* and the budget review process, which will be posted to the Advisory Board's website.

The green videos will be used to provide quarterly financial updates and will have a short “shelf life.” Longer-term green sheet videos, such as the discussion on system expansion and entrance fees, will remain on the Advisory Board’s website to serve as an educational video. A future educational green video will feature the sewer rate methodology.

III. Action Item: Status of Cross Harbor Power Cable

Mr. Favaloro said if you were to go back over the last three to four budget cycles, staff has “teed up” the potential for a problem with the cross harbor power cable. When the MWRA needed to determine a power source for the Deer Island Wastewater Treatment Plant, it was devised, working with NSTAR/Boston Electric Company (BECO) that the power would come from South Boston down Summer Street, across the Reserved Channel and into the shipping lanes to Deer Island. The Authority paid significantly for that, however, it was not the Authority’s contract; it was NSTAR/BECO’s contract, through a subsidiary called Harbor Electric Energy Company (HEEC).

There has been a lot of back and forth over the last 20 years that the Boston Harbor needs to be dredged to make it deeper to allow bigger cruise ships and tankers to come in to Boston. The federal government has recently come on board and provided a significant piece (two-thirds) of the cost to dredge the harbor. In the way of the dredging is the power source for Deer Island. HEEC placed the cable on the ocean floor. They realized there was rock at a certain level under the ocean floor where they placed the cable down, but since 2003, have come to realize that there are sections of that cable that in fact don’t meet the as-built drawings of the Army Corps of Engineers; therefore, HEEC did not meet the permit from the Army Corps. If the dredging is going to happen, HEEC has to protect the entire cable with concrete or some other measure and parts of the cable will have to be lower than their existing positions.

Relocating, replacing and protecting the cable could result in \$16+ million, which HEEC believes the MWRA should pay. The MWRA rightfully believes that since the cable belongs to HEEC, HEEC should pay. The MWRA has already paid for it once. The Authority is paying for the power and maintenance. The Authority for the past 25 years has been paying at a 10% interest rate; the MWRA has already paid more than \$104 million in principal and interest for this cable.

The Advisory Board wants its position known from the start. The MWRA and its ratepayers will not be responsible for relocating, replacing or protecting the cable. MWRA staff has been working on this diligently.

A member asked if the cable could be lowered while still providing power. Mr. Favaloro said on most sections, the plan is to put a concrete barrier over the cable. Other sections will have to be lowered and then the concrete barrier would be placed over that as well. If the entire cable had to be lowered, the price would be in the \$30 to \$40 million range.

Additionally, the Boston Harbor Cleanup resulted from stopping further pollution of the harbor, but did not remove the existing pollution that settled. Dredging could stir up generation after generation of items on the ocean floor. Eventually it will flush itself, but is “eventually” 100 years or a week and one-half? They plan to dredge this stuff up and then EPA will say that people can’t swim at Carson Beach, what is the MWRA going to do?

Staff is seeking approval to bring this issue to the full Advisory Board for its support and then it can be submitted to the MWRA so that Mr. Laskey can add this “bullet to his arsenal.”

Chairman Dunphy asked if staff has considered bringing up the issue that the ratepayers would have to pay for this. It would be unfair to have the ratepayers paying for larger cruise ships or natural gas tankers to come into the harbor. These would be economic development projects, but the MWRA shouldn’t be paying for them. Mr. Favaloro stated that this is a viable and important point; however, he would prefer to keep the argument on the “straight and narrow” that this was a cable that has already been paid for by the MWRA.

A motion was made **TO APPROVE THE CROSS HARBOR POWER CABLE RESOLUTION**. It was seconded and passed by unanimous vote.

IV. Potential Guidelines for Implementing Phase 9 and 10 of the I/I Grant/Loan Program

In December, during back-and-forth discussion with communities, one of the issues that was still up in the air was the “trigger mechanism” as it relates to moving from Phase 9 to Phase 10. Every community is different. There are communities that have yet to use their Phase 6, 7 or 8 money; other communities, such as Chelsea, have utilized all of their available funds.

Additionally, the Authority brought up some points relating to the substantial increase in funding and the potential flow of monies in regard to the Authority’s budgeting/cash-flow purposes.

Working with Authority and Advisory Board staff and Operations Chairman Lou Taverna, a consensus was reached on nine items to make the program work more efficiently. One of the consensus states that there must be a 90-day notice to the MWRA for funding that is greater than \$2 million.

John Sanchez asked when Phase 9 funding would be available. Mr. Favaloro said Phase 9 funding would be available on July 1, 2014, as long as you have used your funding from the previous phases.

John DeAmicis asked if the projects are approved by the MWRA. Mr. Favaloro responded in the affirmative, based on the guidelines and regulations.

V. Co-Digestion Update

Mr. Favaloro noted that Fred Laskey provides a monthly update to the MWRA Board of Directors regarding co-digestion.

The co-digestion process has been placed on hold as staff tries to determine a method to deliver the product to Deer Island since trucking is no longer an option. It has been determined that the piers at Deer Island would be able to accept the product by barge and that no dredging would be required. Former Secretary Sullivan had noted that the state understands that it will have to provide funding to move the pilot program forward. Trying to determine where the MWRA fits into this discussion has led to some interesting exchanges.

Mr. Favaloro noted that there are divergent views on the Board of Directors. Brian Swett from the City of Boston is adamant that the pilot program continue and Joel Barrera has stated that he believes the MWRA has a “moral obligation” to continue with the program. The Advisory Board’s members, led by John Carroll, have been interested in understanding the entire program from start to finish and ensuring that ratepayers will not be affected.

Staff has invited DEP Commissioner David Cash to attend the June Advisory Board meeting next week, and he has accepted that invitation. He will be able to talk about co-digestion, as well as inter-basin transfer, SWMI regulations and molybdenum. Waste Management personnel have also been invited.

Staff has been compiling information on co-digestion and, in fact, watched a “webinar” on the subject and invited MWRA personnel to view the webinar as well. Staff will continue to raise questions to try to gain a better understanding on co-digestion.

Michael Coffey asked if EPA would be the enforcement Authority. Mr. Favaloro said this is a state initiative.

Carol Antonelli asked if, for example, schools don't comply, who is coming out to look at it? Is it going to be a Board of Health issue? Mr. Favaloro said there are currently no inspectors. Mr. Coffey said that won't stop them from saying to the communities that they are responsible for enforcement. Ms. Antonelli said she believed the schools would be self-reporting because it has nothing to do with the town.

John Carroll stated that he believes a comprehensive study is needed. The information we have now is very fragmented. He said he would like to know the impacts to the entities that have to follow this new rule, impacts to the sewer systems. Right now it is one ton per week; if it goes well, will the number drop to one-half ton per week. Matthew Romero added that in watching the webinar, the gentleman from MA DEP claimed that they did not have any interest in lowering it from one ton per week in the future. Mr. Favaloro said if you take DEP at face value that is a bigger problem, as far as he is concerned, for the MWRA. Why would you ever make a major investment at Deer Island if there is never going to be a market? That is the unknown.

Mr. Carroll said he would like to know the percentage of food waste produced by the 1,700 institutions that this is supposed to affect versus the total tonnage of organic waste produced everywhere. Is it 1% of the total organic waste and where is the other 99% going to keep going? Or is it 60%? Mr. Favaloro said staff will continue to ask questions but the answer is going to be that they don't know. Mr. Carroll said that is the problem; they don't know. A comprehensive study is needed so that every facet is covered so that we understand the implications of the whole process.

Mr. Favaloro said the start date for this change has been delayed once; the original start date was July 1, 2014. Now the date is October 1, 2014. The state might be best served to delay the start statewide once again until the information and impacts have been analyzed. These are the types of questions that should be asked of Dave Cash. Additionally, they are starting this initiative two months before the end of their administration. There is no guarantee that this will be at the top of the new administration's agenda.

The immediate impact to the Authority is the pilot plant. They received \$300,000+ from the state and have identified another \$200,000 that is still needed for this initiative; in fairness, that is a lot better than the amount it could have been if they had to dredge or build a new pier. The outstanding issues as far as the small pilot plant goes includes how to get the product from the barge to the pier to the holding tank. They will need to do some piping. The real issue will be if the Authority begins to make some real capital investment in order to be able to take the food waste and generate methane. The Authority currently is not capable of receiving the product at the level they would need to and it would necessitate a further capital investment. The Authority is at least five years away from being able to be in the co-digestion business and there may not be a market for the Authority because entities will already have methods in place because they had to begin this process on October 1. The new solution would have to be cheaper. Co-digestion will not likely be cheaper.

Staff will continue to gather information.

Mr. Carroll said he would put together an outline of a study that he would like MWRA staff to do. Is there going to be a negative impact on our rates for this program? Our job is to find out if the rates will be impacted in any way. Mr. Carroll said if we have higher water and sewer rates because the MWRA is pursuing a "moral obligation" then I would be opposed to it.

Mr. Favaloro said the Advisory Board staff has been tickled for being "anti co-digestion;" however, staff hasn't done anything but pose necessary questions that need to be answered. Mr. Carroll said he doesn't believe the questions can be answered without a study. Mr. Favaloro said he assumes the questions will lead to the study.

Mr. DeAmicis said he is concerned that entities will just put in giant garbage disposals to grind everything up and flush it down the system. Mr. Favaloro agreed, saying it was part of the questions that staff asked. If you are a restaurant on

the cusp of sending it out or grinding it up, guess which option they will choose. That change could cause a problem in the local systems and downstream. Lou Taverna said that is a big concern because it increases a problem that we already have.

Cornelia Potter added that the co-digestion material by-passes the primary and secondary processes and goes right into the digesters. If it is sent down a drain through a disposal, it goes through the whole process.

Mr. Romero noted that he had called communities to see what they would be doing if entities started to put this product into the wastewater stream and a lot of the communities said they were going to wait to see what the MWRA does. The MWRA says it is a local issue, not an MWRA issue. A lot of cities and towns don't realize that they need to change their local sewer regulations if they want to avoid that. It hits their systems first, not the MWRA's system.

Mr. Favaloro stated that he wanted to provide a quick update on system expansion. There is still no news on Tri-Town (Braintree, Holbrook and Randolph). However, Ashland and Hopkinton have formally begun the process to go through all of the steps that are necessary to come into the MWRA system. North Reading is planning to start their process this year as well.

VI. August Field Trip

Mr. Favaloro said for this field trip, guests will be allowed to enter and walk down into the covered storage tank at the Spot Pond construction site. The tour will continue on to the Gillis Pump Station and then to Cambridge to see a "green" CSO project at the Fresh Pond Stormwater Outfall and Detention Basin. There are also plans to "kick off" the new phases of the I/I program, with community officials being invited as well.

VII. Approval of the Advisory Board Agenda for June 19, 2014

A motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE JUNE 19, 2014 MEETING**. It was seconded and passed by unanimous vote.

VIII. Adjournment

A motion was made **TO ADJOURN THE MEETING AT 9:50 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,



William Hadley, Secretary