



Executive Committee Meeting

Thursday, November 10, 2016
8:30 AM

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

Attendees

Michael Rademacher	Arlington	John Carroll	MWRA Board of Directors
David Manugian	Bedford	Joe Foti	MWRA Board of Directors
John Sullivan	Boston	Andrew Pappastergion	MWRA Board of Directors
John Sanchez	Burlington	Pamela Heidell	MWRA staff
Timothy MacDonald	Cambridge	Joe Favaloro	AB staff
Ralph Pecora	Lexington	Matt Romero	AB staff
Lou Taverna	Newton	James Guiod	AB staff
Nicholas Rystrom	Revere	Lenna Ostrodka	AB staff
John DeAmicis	Stoneham	Cornelia Potter	AB staff

DRAFT MINUTES

Approval of the September 9, 2016 meeting minutes

Mr. Taverna opened the meeting at 8:34 am with a request for a motion to approve the Executive Committee meeting minutes for September 9, 2016. The motion was moved and seconded; the minutes were approved unanimously.

Discussion of Options Relating to the I/I and Water Loan Programs

Regarding the I/I Grant/Loan Program, Mr. Favaloro noted that the Operations Committee is scheduled to meet prior to the full Advisory Board meeting on November 17. On the agenda will be discussion of expanding or amending the list of projects eligible for funding under the program. Examples for discussion include: costs relating to permanent flow monitoring equipment; costs for the purchase of sewer cleaning equipment (members discussed the pros and cons of purchase, lease or contracting for vactor jet trucks); sewer inspection equipment; building inspections, smoke testing or dye testing; planning, development of written procedures, development and distribution of public education outreach materials; database development and mapping of connections to public utilities; and sewer/storm and outfall sampling and data analysis.

Also discussed were options for how to proceed. If the projects were non-controversial, staff of the Advisory Board and the MWRA could develop guidelines for moving ahead with the changes; or, the options could be presented to the Executive Committee at its next meeting and to the full Advisory Board, in January, with a formal recommendation.

Mr. Romero also observed that, regarding the next phase of the water loan program, Authority staff is planning on putting in a placeholder, in the event that communities do want to have a next phase, in the draft CIP. The Operations Committee would address this question, including, do members want to discuss this, is the amount the right amount and on what basis would communities be eligible, what issues are going to be covered and should

they be expanded. It is expected that it would all culminate with a recommendation by the Advisory Board as part of the budget review process.

Executive Director's Report

Mr. Favaloro highlighted the upcoming Advisory Board workshop on December 8 on water system redundancy. Over 500 "save the date" cards have been mailed. Portions of the materials to be presented at the workshop have already been presented to the MWRA Board of Directors in October or as part of shorter presentations at other meetings of the Board. He outlined the agenda and key speakers. In order to influence the decision on which option should be pursued for the water redundancy project, the Advisory Board needs a recommendation regarding the components of what the structure of the Metropolitan Tunnel Redundancy Project ought to look like. He hoped to end the meeting on December 8 with such language and a possible vote.

Advisory Board Legislative Strategy

Mr. Favaloro reported on the biannual legislation process. He noted that the process of filing legislation for each two-year legislative session has been changing. Just a few years ago, the Advisory Board developed a legislative package of proposed bills that would have twenty or more proposals. Two years ago, that number was two: one regarding Debt Service Assistance and the other having to do with duplicate payments for Payments in Lieu of Taxes (PILOTs) for certain communities in the watersheds. Now, filing a series of bills at the start of a two-year legislative process doesn't make as much sense as it once did. Instead, the legislative strategy is being reassessed. Priorities include funding the water infrastructure bill, debt service assistance, state primacy for NPDES permits, and other matters that come up during the legislative session using the budget or other vehicles that are before us to get our legislative package done. Our goals and objectives are the same.

Components of an Advisory Board Recommendation on Water Redundancy

Mr. Favaloro introduced the subject of selecting an approach to construction of projects to ensure Metropolitan Tunnel Redundancy with a reminder that this is the 20th anniversary of the MetroWest Tunnel project. The Advisory Board staff has developed recommendations for an Advisory Board position on the redundancy program.

The first is to use a Program Management Division (PMD) approach, similar to the Boston Harbor Project. A team of staff would be independent of day-to-day operations, but could work closely with the MWRA and be dedicated to dealing just with the redundancy project.

The second is to select a deep rock tunnel approach versus surface piping alternatives. It is important to minimize the impacts to the communities.

Staff supports the MWRA's recommendation for two tunnels, north and south. Fourteen miles of deep rock tunnel would be built over the 2022 to 2028-2030 timeline.

The MWRA should construct both tunnels concurrently (taking nearly 17 years at an estimated \$1.47 billion), rather than in a phased manner (which would take 23 years at an estimated \$1.7 billion).

Mr. Carroll noted that he had asked Mr. Laskey to look at multiple contractors; each leg of the project could be divided up into contracts using various contractors. Such an approach could shorten the time for the project. Mr. Favaloro suggested that the PMD group could address this issue.

Any revenue from non-typical water users (e.g. Worcester, Cambridge, etc.) (or, even new customers) should be segregated and reserved to fund the Metropolitan Tunnel Redundancy project (or defuse water-related debt and use current revenue for capital, raised to meet coverage requirements from the bond resolution, to fund the PMD group). Such an approach could create a pathway that minimizes or mitigates the increases in rate revenue required by the redundancy project.

The Committee expressed a sense of consensus on the recommended components.

Worcester's Inquiry Regarding a Reduced Water Wholesale Rate

Worcester has been buying water from the Authority's system to address impacts of ongoing drought conditions to enable the City to meet its water needs. The City has been drawing upwards of 15 million gallons per day (MGD) and has been paying about \$3,500 per million gallons, according to the Authority's regulations which set a single rate for water purchases. Worcester has made a request to reduce this rate since it is receiving untreated water from the source and must still treat the water prior to delivery to its customers, arguing that they do not get all the benefits of a full rate. Mr. Favaloro cautioned that this is a "slippery slope," and that changing the regulations could lead to other precedents based, for example, on variations in transmission costs or water chemical strength.

Staff also observed that, in previous budget comments made by the Advisory Board, there were recommendations for a "capacity insurance" charge as well as an untreated water rate. Up until that point, the philosophy had been for one single rate: "All for one; one for all." Though several subsequent meetings were held on both topics, there was ultimately no consensus on developing either set of charges. The Committee deferred taking a position in order to hear a potential presentation from a representative from Worcester at the Advisory Board meeting November 17.

Stoughton's Request for an Adjustment on their Entrance Fee

Stoughton has made a request to adjust their entrance fee, based on an analysis of how much water they had used since they had become a member of the MWRA system. They have requested that the MWRA reexamine its entrance fee based on the amount of water they are using and significantly reduce their remaining five payments (they have now paid about 80% of the entire entrance fee). What matters is not how much water is used, but how much the MWRA held in reserve for the community. The amount of water was a decision of the town, not the Authority. To change the amount of water a community could draw would change the whole dynamic on how one can access additional water the community would need; the community has essentially already paid for the larger amount authorized. To respond to the request, it was suggested that the Authority review the current cost of fixed rate borrowing, which is 3.95%. It has been suggested to Stoughton that the discussion can be amended to do something that is already in place -- take the annual payment (of which there are five left) of about \$428,000+ to about \$406,000+, a difference of about \$22,000. This proposal will be going to the Board of Directors in December.

Mountain Biking in the Watershed

Mr. Favaloro introduced the topic noting that mountain bike enthusiasts have been making Freedom of Information Act requests and apparently believe that they can do whatever they want wherever they want to do it regarding lands in the watershed. For the most part, it has been at a standstill. There have been efforts to find a way to allow the mountain bikers to be able to expand where they can use their mountain bikes. They have cut down trees, made their own paths, and built bridges. It is a problem and brings up the question: is it parkland or is

it watershed land? When you buy watershed land, its purpose is to filter and protect the water supply. When it is parkland, it is a different use. It opens up a huge debate that may or not be coming.

The MWRA makes PILOTs payments for watershed lands. If there are ATVs or mountain bikes on that land, we are not going to continue to make PILOTs (which go up every year based on increasing land values). Over the years, since 1986, we have spent almost \$13 million for land acquisition of properties for watershed protection purposes around the Ware Reservoir. If mountain bikes are allowed on the land, then the Commonwealth should reimburse the MWRA for the nearly \$13 million. If water quality is impacted, maybe the Commonwealth of Massachusetts should find a way, such as through insurance or a set-aside, to put aside the money to build a filtration plant. If the state cares more about mountain bikers than water users, the cost of a filtration plant should be on them. Once mountain bikers are allowed at the Ware River Watershed, the Wachusett and the Quabbin Reservoirs will be vulnerable too. Until such time that this is off the table, we should not purchase any lands in the Ware watershed, nor should there be any improvements such as to the administrative building in the Quabbin Watershed.

Annual Update of the Water and Sewer Rate Survey

James Guiod opened the update by noting that staff has made a lot of progress on the retail rate survey and thanked all the communities for their submissions of updated data for the report. He provided a preview of the survey and the results so far. At this time, the numbers are preliminary. Comparisons have been made to the previous year regarding the wholesale assessments for the MWRA's fiscal year. Last year, the combined wholesale assessment increase, as approved for the final budget, was at 3.4% in comparison to 3.34% this year (as compared to the 3.9% in the proposed budget document). As for the retail rate increases, the increases are based on the calendar year. They are pretty steady compared to the last year: we are looking at a 3.2% increase compared to 3.1%. As for the actual retail charge, they are broken down according to the assumed consumption of 60,000 gallons and 90,000 gallons per year, and are reflected in the percentage changes. He highlighted changes from the previous year and comparisons to other major cities and to charges for other utilities, as well as community-specific data.

There will be a more in-depth report for next week's meeting of the Advisory Board.

Approval of Advisory Board Meeting Agenda for November 17, 2016

The Committee approved the proposed agenda for the November 17, 2016 meeting of the full Advisory Board.

Adjournment

A motion was made to adjourn the meeting at 10:10 am.

Respectfully submitted,

Michael Rademacher, Secretary