



# Advisory Board Meeting

SAMUEL HADLEY PUBLIC SERVICES  
BUILDING  
201 BEDFORD STREET  
LEXINGTON, MA 02420

THURSDAY, MARCH 15, 2018  
11:30 AM

**Attendees (Voting Members)**

Lou Taverna	Newton	Ralph Pecora	Lexington
Michael Rademacher	Arlington	Jim Finegan	Lynnfield Water District
John Sullivan	Boston	Yem Lip	Malden
Bernie Cooper	Norwood	Moe Handel	MAPC
John Sanchez	Burlington	Elena Proakis Ellis	Melrose
David Manugian	Bedford	Jeremy Marsette	Natick
Jay Hersey	Brookline	Jeff Zager	Reading
Bob Higgins	Hingham	John DeAmicis	Stoneham
Eric Sherman	Wakefield	J.R. Greene	Gubernatorial Appointee
William Shaughnessy	Wellesley		

**Other Attendees**

John Carroll	MWRA Board of Directors	Tom Durkin	MWRA staff
Andrew Pappastergion	MWRA Board of Directors	Kathy Soni	MWRA staff
Joe Foti	MWRA Board of Directors	Louise Miller	MWRA staff
Andreae Downs	WAC	Carolyn Fiore	MWRA staff
Lexi Dewey	WSCAC	Joseph Favaloro	MWRA Advisory Board staff
Fred Laskey	MWRA staff	Matthew Romero	MWRA Advisory Board staff
Ria Convery	MWRA staff	James Guiod	MWRA Advisory Board staff
David Coppes	MWRA staff	Lenna Ostrodka	MWRA Advisory Board staff
Sean Navin	MWRA staff	Cornelia Potter	MWRA Advisory Board staff

32 people were in attendance, including 19 voting members.

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**Draft Minutes**

The Chairman called the meeting to order at 11:35 am.

**A. WELCOME**

The Chairman opened the meeting with a welcome to members and other attendees. He also thanked representatives of the Town of Lexington for hosting the meeting. Mr. Favaloro, referring to the repeated significant storms over recent days, thanked members for attending the meeting.

**B. APPROVAL OF ADVISORY BOARD MEETING MINUTES FOR FEBRUARY 15, 2018**

A motion was made and seconded to approve the minutes of the Advisory Board meeting for February 15, 2018. The motion passed.

**C. MWRA ADVISORY BOARD PUBLIC HEARING ON THE PROPOSED FY19 MWRA CURRENT EXPENSE BUDGET**

The Secretary of the Advisory Board, Michael Rademacher, read the formal Notice of Public Hearing. (See materials for the Advisory Board meeting.) The Chairman noted that the public hearing is now open. The public hearing was put on hold so that the public can hear a presentation of the MWRA's Proposed FY19 Current Expense Budget by Tom Durkin (Chief Financial Officer), Kathy Soni (Budget Director), and Louise Miller (Budget Manager).

Mr. Durkin noted that the Authority staff has transmitted, with the Board's approval, the Current Expense Budget for FY 2019, that starts July 1, 2018. While the focus is on the fiscal year, the staff also focuses on the long-term view. It is a strategy that the MWRA has used for a number of years, and has prepared the agency for the conditions that the MWRA now faces. The goal is to deliver sustainable and predictable assessments to the communities and the ratepayers. He (and members of the Budget staff) gave a PowerPoint presentation (see attachment to the meeting minutes and packet), which highlighted historical budgeted spending, budget drivers for multi-year planning, and approaches to capital financing. In addition, staff noted that there would be an increased focus on long-term planning in the budget.

Staff noted that the draft final budget will be presented to the Board of Directors and there will be a hearing of the Board in May, with approval scheduled for late June. The proposed Current Expense Budget for FY 2019 presents a budget of \$773.2 million, and an accompanying rate revenue requirement of \$745.1 million or an increase from the FY 2018 budget of 3.91%.

Following the presentation, the Chairman noted that the public hearing remains open and invited any questions or comments. The Chairman framed questions regarding the role of debt service in the budget: it represents 64% of the budget, and is declining. The amount has not quite peaked as a percentage of the total budget; in about two years the percentage is expected to peak and gradually decline as a percentage of the total budget. Another question was addressed to the HEEC charges: the separate charge has to do with the operation and maintenance costs and is budgeted separately from the regular charges for electricity at Deer Island. Another question concerned the DCR watershed protection item – why is this expense in the indirect expense category? Staff explained that the cost is a reimbursement to the Commonwealth for the operation of the division that is responsible for watershed management. (The watersheds are not assets of the MWRA.)

The public hearing was closed at 12:16 pm. Comments may be submitted to the Advisory Board by May 11.

**D. PROCESS AND TIMELINE TO ELECT AN ADVISORY BOARD REPRESENTATIVE TO THE MWRA BOARD OF DIRECTORS**

Mr. Favaloro opened the discussion noting that this year the seat held by Andrew Pappastergion is open for election. Mr. Pappastergion has indicated his interest in running again for the three-year term. Staff plan on tying the vote to the

Workshop scheduled for June (Friday, June 15, 2018) at Boston College, where a large attendance is expected, strengthening the likelihood of attaining a quorum. The vote is one vote for each community. Others who may be interested in running for the position are welcome to do so. The Executive Committee interviews any and all candidates for the Board position and makes a recommendation for the Advisory Board's vote at the June meeting. A notice will go out in the next two or three weeks.

**E. UPDATE ON LEGISLATIVE STRATEGY**

Mr. Favaloro reported on the status of Debt Service Assistance funding. The level of funding in the FY 2018 state budget is expected to be in the \$800,000 range and will be used to offset the FY 2019 increases. The House is expected to be deliberating on the FY 2019 budget sometime in mid-April. The Governor has put \$500,000 in the budget and there is hope that the House will do more. There is also an environmental bond bill and an economic development bill. Those bills appear to be the best options so far for funding projects in the Metropolitan Tunnels program.

**F. OTHER ITEMS**

Mr. Laskey introduced David Coppes, who has most recently been the Director of Waterworks. Prior to that, he had been the Director of Western Operations. He has been named the Chief Operating Officer, following the recent retirement of Michael Hornbrook.

Mr. Laskey also reported on a recent development at Deer Island, the previous day. National Grid had a glitch in their transmission system and their staff were trying to get the system back up and running. It affected the MBTA and caused Boston City Hall to go black. Within 4 to 5 minutes, the backup generators were activated and the system began operation and efforts to restart the flows began. The pumps had to be ramped up to handle and synchronize the flows. There was a blending/by-pass for less than half an hour. It was considered a "reportable event." The Chairman emphasized the major nature of the storms and the impacts on, especially, the Deer Island plant and expressed the collective appreciation for the hard work of the Authority staff.

Steve Estes-Smargiassi reported on the annual Consumer Confidence Report and reminded communities that staff is in the midst of developing the annual water quality report including the one-page report that is specific to each community. Drafts are due back to the Authority the week of March 19. Staff plan to use a mass mailing, using the same structure as used in the last couple of years.

Ria Convery spoke about an emerging report on Harbor water quality, modeled on the CCR report. Staff is working on preparing the report, with distribution anticipated for April.

Mr. Favaloro introduced a new representative to the Advisory Board: Yem Lip from Malden. He is the recently appointed Director of Engineering for the City of Malden, replacing Jack Russell. The Chairman welcomed Mr. Lip to the Advisory Board.

**G. UPDATE ON CLIMATE CHANGE PREPAREDNESS WORKSHOP**

Lenna Ostrodka reported on plans for the Climate Change Preparedness Workshop scheduled for June 15 at Boston College as a joint meeting with the monthly meeting of the Advisory Board. Additional details will be mailed out. Planned are the former EPA Administrator, Gina McCarthy as well as Secretary Matthew Beaton of the Commonwealth's Executive

Office of Energy and Environmental Affairs. From the Authority will be the Executive Director Fred Laskey and Steve Estes-Smargiassi to provide perspective from the Authority. Bill Golden, from the National Institute for Coastal and Harbor Infrastructure will also participate including providing a perspective on the recent coastal flooding and impacts on our systems. Rob King from Somerville working on capital projects for that community will speak as well as Cammy Peterson from MAPC. The morning session will feature speakers addressing the “bigger picture” views, followed in the afternoon by speakers focused on community issues. Staff invited other suggestions for speakers and for questions to be addressed.

## **H. ADVISORY BOARD BUDGET REVIEW PREVIEW**

Matt Romero opened the report noting that the staff has opened the discussions with the MWRA staff, diving into the numbers and asking a number of questions. Several more meetings are scheduled for the remainder of March. Staff will also be discussing subjects such as the level of variable rate debt to be assumed in the budget, what is the right level for Indirect Costs, and other topics that have been discussed in recent years. The review will also address the level of the next capital spending cap (for FY19-23), proposed to cross the \$1 billion mark (as compared to the \$800 million of the current cap) and justification for the number and the ability to spend at that level. Staff will also be requesting more information on the Program Management Division for the Metropolitan Tunnels Project. Advisory Board staff will be reporting at the April meeting about the review document to get buy-in from the Advisory Board on the draft *Comments and Recommendations* language. He also invited members to identify and questions or issues they would like to see addressed. In the meantime, the Executive Committee has been getting information and draft materials as they are being prepared. Once the briefings are completed, there should be a better sense of positions on specific ideas.

Mr. Favaloro noted that the process of budget review has been condensed this year. The Board hearing with the Advisory Board, which has been held at the first June meeting of the MWRA Board, has been moved to the end of May. This allows the schedule to move away from two Board meetings in June, and not announcing final assessments until the tail end of the month, to the middle of June, a little earlier than in previous years. This schedule, in turn, takes away a few weeks of budget review; the Advisory Board will be voting on the *Comments and Recommendations* in May (May 17), followed by the hearing by the Board of Directors the last week of May. (The Authority’s public hearing on the budget will be held Thursday, April 5 at 6:30 pm at Boston City Hall.)

## **I. SUMMARY OF THE FEBRUARY 22, 2018, OPERATIONS COMMITTEE MEETING**

John Sanchez, Chairman of the Operations Committee, reported that the recent meeting of the Operations Committee was held in Burlington on February 22. The meeting was very well-attended. There were two major topics on the agenda – the MWRA wastewater metering replacement program and the Infiltration/Inflow program. On the first item, Steve Estes-Smargiassi provided an informative presentation on the project. Regarding the I/I program, the current phases are reaching the end of their current schedule. During that discussion, members recommended that the current funding level of \$120 million be increased to \$180 million. This was recommended to the Executive Committee for discussion at its meeting, held March 9.

At the recent meeting of the Executive Committee, members discussed leaving the program at the same 75:25 percent split between loan and grant amounts. Mr. Favaloro reported that there was a further discussion at that meeting, including consideration of a recommendation for a \$200 million program (two \$100 million phases with the 75:25 split). Noting that some communities apply for their allocated funds at the earliest opportunity, while others take more time in drawing down their allocated funds, there was a proposal for considering a loan-only program (with no grant component); the funding level was not discussed. The outcome of this concept could be put forward as part of the Advisory Board’s *Comments* on the proposed budgets.

**J. ADJOURNMENT**

A motion was made to adjourn the meeting at 12:45 pm. It was seconded and passed by unanimous vote. The Chairman noted that the next meeting of the Advisory Board will be April 19 at the Boston Water and Sewer Commission.

Respectfully submitted,

Michael W. Rademacher, Secretary