

**MWRA ADVISORY BOARD MEETING
FEBRUARY 27, 2003
NEWTON FREE LIBRARY AUDITORIUM
330 HOMER STREET, NEWTON CENTRE, MA**

MINUTES APPROVED AT THE MARCH 20, 2003 MEETING

Twenty-one members were present: Edward Maguire, ASHLAND; John Sullivan, BOSTON; Charles Barry, BROOKLINE; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; Gene Capuano, EVERETT; J. R. Greene, GUBERNATORIAL APPOINTEE; Bill Hadley, LEXINGTON; Bruce Kenerson, LYNNFIELD; Ed Bates, MAPC; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Jay Fink, QUINCY; Peter Smyrnios, PEABODY; Joseph Delaney, READING; Jean Lastovica, SOMERVILLE; Silvio Baruzzi, SWAMPSCOTT; Don McCabe, Jr., WALTHAM; Walter Woods, WELLESLEY; Earl Forman, WESTON; Rob Antico, WILMINGTON.

Also present: Joseph Foti, MWRA BOARD OF DIRECTORS; Ralph Pecora, LEXINGTON; Phil Jasset, NEWTON; Elizabeth Smith, AVALON BAY; John MacKinnon, H. W. MOORE ASSOC.; Matt Boger, UCANE; David Savoy, WALTHAM; Carl Erickson, Lise Marx and Joshua Das, MWRA STAFF; Joe Favaloro, Ryan Ferrara, Cornelia Potter, Nathalie Dailida and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. WELCOME

Chairman Katherine Haynes Dunphy called the meeting to order at 11:38 a.m.

B. REPORT OF THE EXECUTIVE DIRECTOR

Joe Favaloro stated that mid-year assessments were mailed to communities on February 13 and are due on or before July 1. Preliminary assessments for FY04 will go out a week from tomorrow. The MWRA needs to work cooperatively with cities and towns in regard to payment of their mid-year assessments.

Staff stressed the need to focus on sending a message to regulators, specifically regarding CSOs. Discussions are ongoing regarding spending \$300 million to build a 600-mgd pump station that will be utilized once every two years.

C. PRESENTATION: MWRA'S PROPOSED FY04-06 CAPITAL IMPROVEMENT PLAN –

Carl Erickson, Budget Manager

Carl Erickson, MWRA Budget Manager, gave an overview of the Authority's FY04-06 Capital Improvement Program (CIP).

The total CIP budget, including completed projects, is \$7.1 billion; 82% supports awarded or ongoing projects, 18% is unawarded. Construction costs account for 75% of the budget and 25% is for non-construction. At the end of this fiscal year projections for spending are \$5.6 billion in total.

Over the next three years, projected spending will be \$771 million; over ten years spending will be \$1.4 billion. By program categories, the Boston Harbor Project is now complete, with a small amount of spending remaining related to final pipe completion and landscaping. The remaining spending in Wastewater and Waterworks is roughly evenly split at \$300+ million in each of those categories. Business and operations account for approximately \$18 million, with the majority of that for security improvements.

The Authority's rolling ten-year spending cap is re-sized each year by removing the current fiscal year, carrying forward any unspent funds from the current fiscal year and adding a new tenth year. As part of the rolling ten-year cap, the Board also established spending limits on the first three fiscal years.

The cap has been in effect for four years. The initial cap from FY01-10 was \$2.3 billion and the current cap is \$1.6 billion. Compared to the approved final FY03 CIP, the proposed CIP increases by \$250 million or 3.6%; nearly 80% is for new work added to the CIP and a good portion is for inflation adjustments for unawarded projects; 22% of the increase is for ongoing projects.

New work added to the CIP includes rehabilitation of a large portion of the West Roxbury Tunnel – 12,000 linear feet that has been experiencing hydrogen sulfide and other corrosion problems; a new phase to rehabilitate ten miles of the Northern High Sections 70 and 71 and the rehabilitation of 16,000 feet of Section 80. As part of updating the CIP, inflation adjustments are made to unawarded projects to keep the prices current.

Subsequent to the Board's approval to transmit the CIP, as part of the response to the loss of debt service assistance, the Board at its January 15th meeting approved deferral of \$63 million in capital spending. The Board also revised the current fiscal year cap, bringing FY04 down to \$263 million from \$347 million and the FY05 cap to \$225 million. These changes will be reflected in the final FY04 budget.

Mr. Favaloro stated that the rolling cap is a major source of difference of opinion between the MWRA and the Advisory Board. After FY10, MWRA has \$100 million plus inflation every year and has met its cap by moving funds from FY10-12 forward into FY06-08. That is the reason the Authority can say it is under the cap. The CIP Cap Committee, which includes Advisory Board staff, Advisory Board Chair Katherine Haynes Dunphy, and Board members John Carroll and Vincent Mannering, has been working to resolve this issue.

Another component of the Board's action on January 15th was for MWRA staff to work with the Advisory Board and the court parties to review whether changes can be made to the CSO program. The Cap Committee will reconvene after there is a sense of how the court party discussions go.

Mr. McCabe asked if there are classes of spending that would render the funds as discretionary. Are there programs that you have to spend money on? Mr. Erickson stated that he would not use the terms discretionary or non-discretionary, but there are relative priorities. MWRA couldn't reasonably stop a particular phase of the MetroWest Tunnel; the investment made to date would be lost. MWRA is required to spend money on its court-mandated projects. In that

respect, there are categories of spending for obligations that the Authority has to meet. Cornelia Potter noted that the reason that addressing the CSO Program is so important is because mandated project spending is the largest portion of the Authority's long term budget. Are there other interpretations to meet the tone and intent of regulations without necessarily spending the kind of money that the Authority has identified to date for meeting CSO control plans?

Ms. Dunphy noted that the Board of Directors has voted to postpone certain capital projects to slow down the pace of spending and keep the rates at a more stable level. Have communities that may be affected by this postponement been notified of that change in schedule since they sometimes tailor in the community's work as well? Mr. Erickson stated that he would make sure that information is conveyed.

D. COMMITTEE REPORTS

Finance Committee – Albert Renzi, Jr.

❖ **STATUS: ADVISORY BOARD CIP REVIEW PROCESS**

Cornelia Potter stated that a vote on the Advisory Board's Capital Budget Comments and Recommendations is scheduled for the March 20th Advisory Board meeting. The CEB review will also begin right around that time since the Board of Directors will be presented with the draft FY04 CEB numbers.

Staff continues to send out informational mailings to the designees each week. Last Friday's was on Waterworks spending, tomorrow's will be on wastewater spending.

Staff will conduct its review with particular focus in mind for the capital budget, specifically the discussion around the cap that Joe highlighted and also focus on the CSO projects because it is such a significant portion of overall spending; \$440 million in future CSO spending as part of the \$800 million long-term Wastewater spending in the ten year budget.

Operations Committee – Jay Fink

❖ **PRESENTATION: STRADDLE CONNECTION TO MWRA WATERWORKS SYSTEM –**

Elizabeth Smith, Avalon Bay Communities, Inc. and John MacKinnon, H. W. Moore Assoc. Elizabeth Smith from Avalon Bay Communities, Inc. stated that the Avalon Village Project is located partially in the City of Peabody and the Town of Danvers. The proposal is to develop 387 apartments: 309 units in Peabody and 78 units in Danvers (125 bedrooms in the Danvers portion).

Both Peabody and Danvers have approved the project. Peabody is a member of the MWRA. The Town of Danvers water supply is provided by the Ipswich River Basin, which is currently stressed. It was suggested, from a regional planning standpoint, that the water be supplied for the entire community by the City of Peabody.

John MacKinnon of H. W. Moore Associates, civil engineers for the project, stated that the project has been in the planning stages for over two years. The Ipswich River has significant issues. Both the City of Peabody and the Town of Danvers encouraged the developers to look at a solution that might result in benefits to the greater area.

In investigating the supplies, Peabody was more than willing to supply the small component located within Danvers. The developers learned about the Straddle Policy through the MEPA

process. The majority of the development is located within the host community of Peabody, which does have surface water supplies and only takes a portion of their overall water demand from MWRA.

The total demand for the entire project would be on the order of 77,000 gallons per day – 62,000 gallons on the Peabody side, 15,000 gallons on the Danvers side. These numbers were calculated through the use of DEP mandated rates through Title 5, which provides 110 gallons per bedroom per day, inflated by 10%. This, in fact, is a mandated estimate, but exceeds the projected actual use of 50 to 60% of those numbers.

With respect to conservation, all of these units will be fitted with the latest water conservation devices both for plumbing and utilities (dishwashers and washing machines). With respect to irrigation, there will be no use of the municipal water supply. Any irrigation will be developed as a result of onsite wells.

Andrew DeSantis asked how much water has been calculated for irrigation use. Mr. MacKinnon responded that irrigation has not been calculated; the figures provided are strictly for domestic use. Generally, there will be limited irrigation components and a lot of natural green space.

Mr. Woods asked if the developer ever considered recycling gray water. Mr. MacKinnon stated that the use of gray water is considered as a routine matter, but not specifically for this site.

John Sullivan asked who would monitor the amount of gallons per day. Mr. Favaloro stated that at this juncture, it could be conditioned that an annual report on water usage be provided, but absent that piece of the recommendation the answer would be Peabody.

Mr. McCabe noted that Peabody is partially supplied by MWRA; why wouldn't its other sources be considered? Mr. Favaloro stated that once you are supplied by MWRA, it doesn't matter if it comes from the local system, it is looked at as a whole and triggers the Straddle Policy.

Mr. McCabe asked where the water will come from from an engineering standpoint. Mr. MacKinnon stated that Peabody has more than enough surface water; because it is a member community, it falls under an umbrella and can't give water to Danvers without MWRA approval. It made sense to get the water from Peabody because the major component of the project is within Peabody and it is not drawing water from a stressed basin.

This connection is being made at significant expense in contributions to the host community. The applicant will provide seed money to a program within Peabody, which will result in significant savings in terms of water use. The City has projected that by identifying a number of specific measures that can be accomplished in Peabody, as a result of funds provided by Avalon Bay, it will be able to save approximately 45 million gallons per year in total, which would be slightly more than twice the projected water use of the Avalon Bay development.

Silvio Baruzzi asked if an Inter Basin Transfer from DEP is required. Mr. MacKinnon stated his belief that only the Straddle Policy is applicable.

Peter Smyrnios said the City of Peabody is in the Ipswich River Basin; the water from Peabody will go directly to the site. MWRA is five miles away and will not be used at this site. The

monies received will fund a project to use gray water from a corporation and the water will be used to irrigate a golf course, which is using 50 million gallons a year and will have a net gain of 25 million gallons a year. In addition, DEP has been involved through the whole process.

Joseph Delaney asked how the Danvers apartments would be metered. Mr. MacKinnon stated that all the units will be metered separately through Peabody.

Ed Sullivan asked, “If this weren’t approved, would you get water from Danvers or abandon that portion?” Mr. MacKinnon stated that the developers would go back to Danvers with their position; however, if it were to be denied, it would be an opportunity lost because from a water use perspective it makes sense. It is a wise use of water resources and has the potential of resulting in significant savings while reducing use in an otherwise stressed basin.

Ms. Dunphy asked the developers to explain how this plan would reduce MWRA water use as opposed to local water use. Mr. Smyrniotis stated that Peabody uses MWRA water during peak demand, so the less water used at the golf course, the more water available during peak demand, requiring less water from the MWRA.

Mr. DeSantis asked if the developers went to Danvers as a whole project as a 40B or only a portion of the project as a 40B. Mr. MacKinnon stated that the developers worked very closely with both of the communities and they are fully aware of the entire project.

Mr. DeSantis asked what was submitted to Danvers for the 40B? Mr. MacKinnon responded that the portion located within the Danvers community was submitted. Danvers cannot regulate a development within Peabody and vice versa; however, both communities are fully aware of the complete extent of development that is planned and are supportive of this project. Letters of support from both communities are within the application.

Mr. DeSantis expressed his concern that this is a stretch for the Straddle Policy as opposed to a building that is located on the line.

Jay Fink asked if an entrance fee has been developed. Mr. Ferrara stated that there would be approximately \$100,000 entrance fee.

❖ **UPDATE: MWRA WASTEWATER METERING SYSTEM REPLACEMENT**

Ryan Ferrara stated that within the Operations Committee, members have been working through some of the issues regarding the MWRA’s plans to replace the wastewater metering system. It will be a two part process: 1) A technological approach to find the right meters and how to phase this project, primarily among MWRA staff; 2) How replacing these meters will impact the communities.

Accuracy and implementation were the top priority for communities. The Authority will be taking all meters offline and using an average three-year flow to calculate for community use.

Another aspect that the Committee discussed was to have a policy in place to deal with problems that may arise, such as identifying that the size of a pipe is different than previously thought and should have been calculated differently.

Mr. Fink noted that the reason MWRA is replacing the meters is in response to issues that were raised by the Advisory Board about the accuracy of the meters.

Joe Foti reported that he received a call from MWRA Executive Director, Fred Laskey, who stated that he would like a member of the Board of Directors to represent the Advisory Board on the Selection Committee for the wastewater meters.

Executive Committee – Katherine Haynes Dunphy

❖ **UPDATE: HOUSE 1 BUDGET**

Nathalie Dailida noted that House 1, the Governor's Budget, was released yesterday and is a different document than staff is used to. House 1 is short on specifics. The Debt Service Assistance Line Item doesn't exist anymore.

Staff's focus is on the MDC Division of Watershed Management (DWM) transfer, which would be merged into the Division of Conservation and Recreation. The Division of Conservation and Recreation would fall under a new Department of Environment, formerly the Executive Office of Environmental Affairs. Unfortunately there were no specifics on how much the DWM would be funded under House 1 because rather than having line items, Governor Romney has proposed that there be master accounts. There is a lump sum of \$62 million for the Department of Environment.

There are two line items that staff did not recognize, but think that the Watershed Division Trust might be the revenue accounts like forestry, rentals and hydroelectric power. The Holden/West Boylston Sewer Construction Trust might be the state's contribution.

The SRF was increased and the existing and new water projects were level funded or increased.

Another issue that may pop up this year is privatization because the Governor has proposed eliminating the Pacheco Law, which makes privatization of any state services very difficult.

Staff was unable to locate the funding mechanism for how the Authority will be charged for the DWM.

Mr. Favaloro stated that House 1 is only available online. There are two items of significance. There is a difference between not funding the Debt Service Assistance Line Item and eliminating it. If it is eliminated in the final version in July, then every year the Advisory Board and MWRA will have to start from scratch and that's not where we want to be. So even if it is \$1, we need to find the recognition that debt service assistance is a part of the state budget.

Of smaller dollar value, but still important, staff could not find any reference to the state's \$500,000 reimbursement for the Clinton/Lancaster sewerage plant.

❖ **LEGISLATIVE UPDATE/MDC DIVISION OF WATERSHED MANAGEMENT TRANSFER**

Staff plans to give more focus and importance to DWM moving to MWRA and has met with Secretary Ellen Roy Herzfelder on one occasion with a second meeting planned. The highlight of the first discussion and a subsequent phone call from her was to give the heads up that House 1 did not include the transfer of DWM to MWRA. The second part of the message was

that it doesn't mean that the Administration is unwilling to work with us to make that happen.

The Advisory Board, along with the Authority, which is now officially on board with transferring the DWM, met with WSCAC, which is also active and supportive, and has begun to court the environmental groups. We have met with the Audubon Society and the Environmental League of Massachusetts (ELM) to work with them and hear their concerns. ELM doesn't think Article 97 regarding the selling of land is stringent enough. The most stringent language that exists is already included in the initiative.

The Authority and Advisory Board met with Senate Ways and Means to outline the importance of the bill. Senator Murray, Chair of Senate Ways and Means, had filed her own legislation to transfer DWM to MWRA.

Staff is in the process of scheduling a meeting with House Ways and Means to convince them of the importance of this transfer. The MWRA Legislative Caucus is in the process of circulating a letter of support to transfer DWM to MWRA. Next week the Authority will be going to the Ware River and Quabbin Watershed Advisory Boards to relay the importance of the bill. Staff has begun discussions with Senator Brewer, who is an avid recreationist, to ensure that this bill will provide no less recreation than is existing now.

J. R. Greene noted that the Advisory Board's bill number is 1259 and Senator Murray's is 718. Ms. Dailida stated that bill no. 718 covers the entire MDC and the Advisory Board would like bill no. 1259, dealing with DWM, to be incorporated into that bill.

❖ **PRESENTATION: POTENTIAL CHANGES TO CONSUMER CONFIDENCE REPORT –**

Lise Marx, Senior Program Manager, Planning and Joshua Das, Project Manager
Lise Marx, MWRA Senior Program Manager of Planning, stated that this is the fifth year that MWRA has issued a Consumer Confidence Report. It is required to be delivered to households within the MWRA district in June. Given the fiscal realities, staff has been doing a lot of brainstorming on how to cut some of the costs.

Some of the ancillary support services (\$30,000) were able to be eliminated, including outreach money to make sure the document was understandable to the average person reading it.

For the fully supplied communities, the number of pages will be reduced from 12 to 8. Since MWRA passed the lead requirement, staff was able to take out some of the mandated language and save an additional \$20,000 from past years.

Staff is coming to the Advisory Board for feedback regarding other opportunities. In the past communities could include an insert with information about their local system. If the insert page were eliminated and replaced by a single listing of communities with contact information, it would result in a savings of about \$5,000. The level of interest in the insert varies. Do the communities want to include the insert? If so, community responses are needed by April 4.

Mr. Woods stated that in his experience over the years reading about what others are doing is helpful, worthwhile and valuable.

Mr. Fink stated that those that are interested will read it from cover to cover based on the

content. In years past, the document was produced on a glossy paper product. Would there be any savings in going from glossy print to something less? Mr. Das stated that this year's bid included several options. How much could we save by making it a simpler document, decreasing the gloss or the colors? The cost savings are small. The savings were in going from 12 to 8 pages. Mr. Favaloro noted that there is a perception of what it costs even though it might only be a half-cent more.

The total cost last year was \$250,000 plus the \$30,000 in ancillary services that have now been eliminated. This year's cost will be in the \$230,000 range.

John Sullivan stated that his preference would be a professional looking document. This is your shot to talk to your customers. It is too late this year not to include the insert. Perhaps for next year MWRA could ask communities for their preference.

David Savoy stated that he never received a negative response, only positive. Teachers requested these materials. For the little monies that could be saved, it doesn't make sense.

Mr. Greene asked if copies are made available to schools and libraries. Mr. Das replied that MWRA usually makes 1 to 2% more, the majority of which are sent to the communities.

The consensus of the Advisory Board was to keep the insert.

E. QUESTIONS AND COMMENTS

F. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:09 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary