

**MWRA ADVISORY BOARD MEETING  
MAY 19, 2005  
BRADLEY ESTATE  
2468B WASHINGTON STREET, CANTON, MA  
MINUTES APPROVED AT THE SEPTEMBER 15, 2005 MEETING**

Thirty-two people were in attendance, including fifteen voting members: John Sanchez, ARLINGTON; Ed Maguire, ASHLAND; Peter Castanino, BELMONT; John Sullivan, BOSTON; Andrew DeSantis, CHELSEA; J. R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Bruce Kenerson, LYNNFIELD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Robert Antico, WILMINGTON.

Also present: John Carroll, Andrew Pappastergion and Joe Foti, MWRA BOARD OF DIRECTORS; Don McCabe, ARLINGTON; Paul Halfmann, DEPARTMENT OF PUBLIC HEALTH; Eileen Simonson, WSCAC; Ed Bretschneider, WAC; Phil Jasset and Matt Boger, UCANE; Ralph Wallace, John Vetere and Carl Leone, MWRA STAFF; Joe Favaloro, Cornelia Potter, Ryan Ferrara, Andrea Briggs and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**A. WELCOME**

Chairman Katherine Haynes Dunphy called the meeting to order at 11:44 a.m.

**B. REPORT OF THE EXECUTIVE DIRECTOR**

MWRA Advisory Board Executive Director Joseph Favaloro supplied members with the schedule of FY06 Advisory Board and Executive Committee Meetings and noted that the Advisory Board's Annual Field Trip will be held on August 25<sup>th</sup> at the Walnut Hill Water Treatment Plant, which will be in operation.

Additionally, the Advisory Board's June 16<sup>th</sup> meeting, originally scheduled for Lexington, has been moved to the State House in Boston.

**C. PRESENTATION: MWRA AND THE REGULATORS**

▪ **CSO HOLISTIC APPROACH**

Ralph Wallace, Director of the Authority's Combined Sewer Overflow (CSO) Program, gave an update on the status of negotiations with the Environmental Protection Agency (EPA) and the Department of Environmental Protection (DEP) on MWRA's long-term CSO Control Plan.

In 1987, MWRA agreed to assume responsibility for developing and implementing a regional long-term CSO Control Program. A stipulation was entered into the Boston Harbor court case incorporating MWRA's responsibility for CSOs in four communities – Boston, Cambridge, Chelsea and Somerville. The Authority already had responsibility for its own CSO outfalls, most significantly Cottage Farm on the Charles River.

In 1994, in accordance with the court order, MWRA presented a conceptual plan that formed the basis for the milestones that were originally incorporated into Schedule 6 (the court order). In 1997, the Authority issued the facilities plan and the Environmental Impact Report, which established a level of control for all the receiving waters with the exception of the Alewife Brook and the lower Charles River and certain projects and milestones were revised. From the regulatory perspective, MWRA has agreed to go forward and implement a CSO control plan on all the other receiving waters (Boston Harbor, the inner harbor, Fort Point Channel, North Dorchester Bay and South Dorchester Bay). MWRA has continued to implement the CSO program.

There are a number of open issues related to the schedule on the CSO program. The Authority's goal was to enter into global, or holistic, negotiations with the regulatory agencies on the level of control and the implementation schedule for CSO control plans for four receiving waters – North Dorchester Bay/Reserved Channel, the Alewife Brook in Cambridge, East Boston and the lower Charles River. The goal of these negotiations is a global comprehensive agreement with the regulators as the Authority embarks on the last phases of the CSO program.

The Authority is recommending a water storage tunnel for North Dorchester Bay, the largest and most expensive element of the program. MWRA proposes to fund sewer separation for the Reserved Channel and the Alewife Brook, to be completed by the Boston Water and Sewer Commission (BWSC) and the City of Cambridge, respectively. For the lower Charles River MWRA has recommended sewer separation, which is the Stony Brook sewer separation work that BWSC is doing and hydraulic relief of certain Cambridge outfalls; that work has largely been completed. Further, the MWRA is working on system optimization to make small dollar improvements to the MWRA's interceptor system to attain slightly better levels of control.

Going forward the cost of CSO control of these receiving waters is currently estimated to be about \$380 million, with money to be spent from July 1, 2005 forward. It does not reflect money that has already been spent in these receiving waters.

The status of the discussion to date is as follows: the North Dorchester Bay/Reserved Channel recommended plan has been through the MEPA process. The Executive Office of Environmental Affairs issued a certificate last summer authorizing the MWRA to proceed to design and the tunnel is presently at 60 to 70% design stage. The regulatory agencies and the other court parties accept the recommended plan and there is an agreement in principle on an implementation schedule. Likewise for Alewife Brook and East Boston, an agreement has been made with the regulatory agencies as to the level of control.

For the Alewife Brook, there are some issues with the increase of the cost of that project, but in terms of its actual scope and the level of control, DEP and EPA have agreed to the plan. Schedule has not been discussed; however, staff does not think schedule will be a controversial issue. The basin in question, as it has been since 1997, is the lower Charles. Discussions continue with the regulatory agencies.

MWRA is presently exploring system optimization. For example, the North and South Charles relief sewers will be tied in to balance flow between the two interceptors to try to reduce discharges in the untreated outfalls along the Cambridge banks of the Charles River, as well as Cottage Farm.

EPA has sought higher levels of control, although never explicitly stating what those levels should be. At times, EPA has indicated it would be satisfied if MWRA were able to reduce CSO discharges such that it would not have CSO discharges, treated or untreated, in a typical rain

year. Presently MWRA may have one or two untreated discharges in the various outfalls in a typical rain year. The Cottage Farm facility, upon implementation of the recommended plan, would discharge 20+ million gallons of treated CSO about six times per year; to get that to zero in a typical year would require additional sewer separation and would likely require storage. A storage tunnel that could handle a one-year storm for the Cottage Farm facility could cost \$100 million.

MWRA has proposed that it pursue a program of limited additional investment to achieve some incremental level of CSO control in the lower Charles River. Specifically, that would be limited sewer separation and continuing to look at options for system optimization. MWRA has had some preliminary discussions with BWSC and the Town of Brookline trying to identify some options to conduct sewer separation in their system that would moderately decrease discharges in the Charles River. MWRA staff continues to look at these low cost (\$0.5 to \$1 million) system optimization projects to further improve the operation of its system.

In exchange for undertaking these additional investments, MWRA is seeking an agreement from EPA and DEP on a long-term regional control plan that sets the level of control and a schedule. MWRA would not be required to do any additional CSO control, other than planned, for an extended period of time as the program is implemented. Upon implementation, MWRA would no longer have responsibility for the outfalls of the CSO communities but would still have responsibility for Cottage Farm and its other outfalls.

The goal was to try to get this agreement prior to establishing revised milestones on any of the projects that are related to these receiving waters. On the Charles River, MWRA is continuing to implement the sewer separation of the Stony Brook, as the work is well underway. It is in no one's interest to stop that work until there is a global resolution. Staff continues to negotiate with the regulatory agencies and is looking at ways to provide incremental improvements in the CSO control of the lower Charles.

In the last order from Judge Stearns, the MWRA was directed to submit milestone dates for North Dorchester Bay/Reserved Channel on or before the filing of its June 15 compliance report. MWRA is prepared to do that based on the status of the negotiations and the direction received from the Authority's Board of Directors at the June 8 Board meeting as to whether or not MWRA will submit a motion containing milestones for that project.

Eileen Simonson asked, in terms of the Clean Water Act classification, what is the water quality that arrives at MWRA's CSO discharge point in Cambridge? What are the upstream communities doing in terms of cleaning up their act? Mr. Wallace replied in January 2004, at the direction of the regulatory agencies, MWRA completed a reassessment of Cottage Farm. The quality of the water that is coming over the Watertown Dam is a problem. Even if MWRA were successful in eliminating CSO discharges completely for a typical rain year, auditing indicates there would not be significant improvements in water quality. EPA has the view that CSOs are qualitatively different, that they contain viruses and other pathogens that are presently not measured or regulated; MWRA's position is that its CSO plan reduces the level and that the other sources of pollution are causing the violation of the water quality standard.

Mr. Favaloro asked what the additional costs associated with the North Dorchester Bay Project are as part of the holistic approach. Mr. Wallace said \$30 to \$50 million. Mr. Favaloro said the Authority will spend \$50 million taking care of DCR's stormwater responsibility and in return the Alewife, East Boston and Charles River projects were supposed to all be wrapped up. MWRA will be coming forward with the milestones for North Dorchester Bay on June 8. What sense

does it make, from a holistic perspective, to give the regulators what they want before the other pieces are met? Mr. Wallace said MWRA not only has to deal with the regulatory agencies, but must respond to the Judge as well. It is the Board of Directors' decision to determine whether or not the Authority will abide, or not abide, by an order from a federal district judge.

Mr. Favaloro said if there was a true holistic solution, DEP and EPA could stand with the Authority to tell the Judge that the holistic solution will be worked out by a specific date and the plan will be submitted to the Judge for all of the basins. Under that scenario, the Judge might say fine. Mr. Wallace said it is a complicated situation. We agreed to this deal in 1997. The cost of the North Dorchester Bay CSO project has gone up, but its performance has not; in fact it has gone down slightly. MWRA's leverage is also compromised by the fact that the North Dorchester Bay CSO and Reserved Channel Tunnel Project were supposed to be completed in March 2003 and September 2005 respectively. On our current implementation schedule we are 12½ years late on Alewife Brook and four to five years late on East Boston.

Mr. Favaloro said MWRA's discussion on the holistic approach began 1½ years ago; now the Authority is walking away from it. Mr. Wallace said the Authority is not walking away from the holistic approach. In 1997 there was no agreement on water quality standards; there is an agreement on the Alewife Brook now. Mr. Favaloro said the Authority needs to get the agreements in writing from EPA and DEP.

Mr. Wallace said on East Boston MWRA has a plan and subsequent analysis indicates the plan does not reach the level of performance that had originally been anticipated; instead of reducing CSO discharges to seven discharges in a typical rain year and 4½ million gallons of CSO, it is now 9 discharges and 8.8 or 9 million gallons of CSO discharges; however, the regulatory agencies have said they will accept that.

Mr. Favaloro contacted EPA Regional Administrator Robert Varney, who agreed to a meeting within the next week with Advisory Board staff. The Chairman of the Advisory Board, the three Board of Directors members representing the Advisory Board and Fred Laskey have been invited to attend the meeting to discuss moving forward with the holistic solution.

▪ **DEER ISLAND SECONDARY TREATMENT PRACTICES**

John Vetere, Director of the Deer Island Wastewater Treatment Plant (DIWTP), gave a presentation on the practices of secondary treatment on Deer Island.

Blending is a process in the treatment plant that combines sewers that have huge fluctuations in flow and gives the Authority the ability to blend its primary treated effluent with its secondary treated effluent when the secondary portion of the plant has reached maximum capacity.

When DIWTP was originally designed, built and permitted, it was with the understanding that MWRA would blend. The process, when it was originally designed, targeted 99.7% of the flow to receive secondary treatment. MWRA is treating 90.6% of all flow coming to Deer Island; that is less than 10% that is bypassed. The Authority has provided its discharge limits to EPA every month, notifying them in meetings and in MWRA's contingency plan of the Authority's intent to blend.

The treatment plant was designed to treat secondary levels of 780 million gallons, or 710 million gallons, depending on the number of clarifiers available in the secondary portion of the plant. Deer Island has been operating at 540 million gallons in the secondary process limit for a number of reasons. MWRA blends above that limit with primary treated effluent and is meeting its

secondary permit levels of discharge into Massachusetts Bay consistently. Blending saves the biological process of inundation with primary flow at a high rate, which helps the Authority to maintain the treatment of the biological process inside the secondary level.

EPA is now saying that the Authority may be violating its permit because it blends at 540 MGD and not 780 MGD. EPA has sent a “308 letter” to the Authority (referring to paragraph 308 of the NPDES permit), which notifies the Authority in writing of its concerns and MWRA staff must provide EPA with the precise information requested within a certain timeframe so EPA can review MWRA’s practices.

The Authority has notified EPA and DEP of its secondary treatment practices via a monthly summary sheet of the flows treated by secondary treatment. MWRA has been operating secondary facilities on Deer Island since 1997. When Battery C was brought online, MWRA notified all court parties, EPA and DEP that it would be treating 540 MGD of secondary flows and blending beyond that. The goal has always been to maximize the final effluent quality, meet the secondary limits and optimize the process to get the best treatment capacity for the cheapest costs.

An editorial about blending appeared in the BOSTON GLOBE yesterday. The author supported elimination of all blending practices, which would be devastating to any northeast treatment facility because they all have combined systems. To build a system to capture and treat all of the flow in the secondary process would be near impossible. The editorial went on to say allowing MWRA to blend will damage the drinking water supply to treatment plants that feed upstream from drinking water supplies, an issue that does not apply to the MWRA because it discharges to the ocean (not a river or a large water body such as the Great Lakes).

There are two distinct groups: one that says MWRA is violating the Clean Water Act if it is allowed to blend; the other group says MWRA has to optimize so it can treat the flows and still have an infrastructure that is safe, sound and affordable to build.

The Authority began the process of applying for its second NPDES permit in February; the first permit will expire in June. EPA has been given the burden of having one solid policy on blending, which is a difficult task because within different regions of the country, different practices prevail. Staff believes the regulators will try to put a limit in the permit for blending.

Currently there is a bill in Congress to eliminate all blending. MWRA is working with congressional leaders to help them understand the implications of that bill.

Deer Island was designed to operate at a flow of 710 MGD to 780 MGD. The plant has met the performance requirements in its permit as good or better than anticipated. The regulators are in the process of evaluating the information staff has provided and, in fact, came to the DIWTP yesterday on a surprise visit and toured the facility.

Charles Button, MWRA Deputy Chief Operating Officer, said blending issues came about because EPA regions 3, 4 and 6 have prohibited blending. The Sanitary District of western Pennsylvania has filed suit against EPA as a consequence of prohibition against Clinton. People will deliberately misrepresent that blending is a discharge of raw sewage; it is a mixture of primary and secondary treated sewage that ultimately meets discharge standards. In terms of the biological process, bacteria are grown into a biomass, which treats flow to secondary standards. The bacteria cannot be fed one meal a day for two weeks and then have six meals in one day and expect it to react.

Ms. Potter, referring to the different treatment of this topic by regional offices of EPA, asked what happens next. Mr. Button said EPA personnel disagree among themselves. Early retirement took away EPA staff that knew what the implications of combined sewers are. The congressional legislation is an attempt by certain groups to make everyone blend in a more stringent way that will be exorbitantly expensive for the Authority, Milwaukee and other plants throughout the northeast.

Ms. Potter asked if staff has changed any of its operations since this issue became more pointed. Mr. Vetere said yes; MWRA was running with five trains of reactors out of nine. The plant will now run six trains to ensure flows maximize to 540 MGD. The extra train translates into electricity, which translates into dollars. It will take approximately \$250,000 a year to run an additional reactor, train and battery.

Mr. Button said staff can treat everything that comes into the plant by bringing in CSOs and excess groundwater, but that does put this back on the beach. It would allow us to meet permit requirements at all times, but it is not the right thing to do.

Eileen Simonson said our office got 37 emails on this blending issue from environmental groups all over the country; WSCAC referred them to Ed Bretschneider of the Wastewater Advisory Committee (WAC). Most of the people were aware that the MWRA's initial permit allowed blending. Most of those groups are less concerned because MWRA's discharge goes to saline waters. People are not directly drinking your effluent. It is very important to make the distinction as to where the system blows off into fresh water bodies vs. ocean discharge.

Mr. Bretschneider asked if there was an expectation on the part of EPA that the MWRA would be operating at the 780/710 level. Mr. Vetere said clearly EPA believed that, although MWRA provided a number of documents identified through EPA/DEP that the plant would be treating at 540 million gallons through the secondary process.

#### **D. COMMITTEE REPORTS**

**Finance Committee** – Bernard Cooper

##### **❖ ACTION ITEM: ADVISORY BOARD FY06 OPERATING BUDGET**

Mr. Favaloro stated the Advisory Board's proposed FY06 budget request to the MWRA is slightly over \$425,000. In previous years, the MWRA would send the Advisory Board a budget that included health insurance; the Advisory Board, in turn, would send the money back to the MWRA to pay for health insurance. From this point on, health insurance costs for the Advisory Board will be taken directly out of the MWRA budget.

Rent costs will decrease slightly due to a new five-year lease that has been renegotiated with Nathan Miller Properties. Equipment maintenance costs will decrease and Lease costs increase due to the leasing of a new copier.

A Motion was made **TO APPROVE THE ADVISORY BOARD'S FY06 OPERATING BUDGET**. It was seconded and passed by unanimous vote.

##### **❖ ACTION ITEM: ADVISORY BOARD COMMENTS & RECOMMENDATIONS TO THE MWRA'S PROPOSED FY06 CURRENT EXPENSE BUDGET**

Cornelia Potter said to summarize the dimensions of the budget, the Authority has proposed a Current Expense Budget (CEB) for FY2006 of nearly \$550 million. The key elements of this amount are Direct Expenses of \$182 million; Indirect Expenses are proposed at \$38 million. The

primary component of this category of spending is the Division of Watershed Managements' Budget PILOT payments and debt service related costs having to do with land acquisition.

The third and largest major component of the budget is capital financing expense of almost \$330 million. This is the fastest growing segment of the budget and represents more than 75% of the increase from the previous year's budget.

The Authority anticipates revenue of over \$40 million from investment income and other charges, \$27 million from rate stabilization funds (this includes bond redemption, as well as the rate stabilization fund itself) and anticipates \$3 million in variable rate savings for a total of \$70 million. The remaining monies must be raised from rates and the proposed budget calls for nearly \$480 million of rate revenue in FY06.

The proposed budget also reflects significant cuts as part of the internal review process in order to keep the rate increase below 6%, which it had been projected to be above in the previous set of rate projections in the Final FY05 Budget.

The Authority cut more than \$5 million from that internal budget document, reducing a number of funded positions and maintenance spending. MWRA has absorbed greater risk for chemicals and funded less than half the vehicles that had been scheduled for replacement. Current budget reductions translate into a replacement cycle for vehicles of 16 years.

In the last week staff has learned that there could be a number of increases to the proposed budget. As the spring progressed, the Authority identified sharp changes in interest rates, utility costs, inflation rates and continuing increases in health insurance. In particular the Authority has identified \$1 to \$3 million in energy costs, chemicals and other direct expense adjustments, including the potential operating impact of additional secondary treatment requirements.

The \$3 million savings on the variable rate debt that had been part of the "non-rate revenue" is now looking less likely as measured increases continue.

In addition, the Authority anticipates receiving twice the amount of SRF revenue in the coming year, which would require increases in the debt service associated with that category of capital financing. It is an advantage to get 2% debt, but it does still require an increase in the budget for that sub-set of capital expense.

In addition, there has been discussion on the imposition of indirect cost charges for the watershed, which are not included in the FY06 budget. Estimates put these potential charges at \$2 million. Overall cost increases to the budget could be over \$10 million.

The Advisory Board has developed a series of recommendations that total \$1.3 million, recommending a reduction of half of their proposed insurance increase (\$100,000). Staff has updated the assumptions for payments to a subsidiary of BECo (now NStar) for the multi-year cost of installation and operation of the under harbor cable to Deer Island. The total of these items is \$1.5 million, one-sixth of which is needed for operating expense reductions. If the Authority accepts these recommendations, the operating reserve can be reduced by just over one-quarter of a million dollars.

In addition, staff has taken issue with the expansion of the Insurance Reserve, based on the MWRA's own insurance consultant's report. The Advisory Board recommends MWRA not include the \$1 million budgeted for this year and reconsider and phase out the Reserve and

transfer funds for rate stabilization. The Authority conducted a survey this spring of ten major like water and sewer agencies across the country, none of which have an Insurance Reserve.

Staff has reduced expenses by \$8.66 million and updated non-rate revenue items having to do with other user charges and higher investment income, which result in a total of \$10.4 million in lower rate revenue that would be needed. Because rates are bad now and expected to go higher in the future, the Advisory Board recommends as much of that amount as possible be used to reduce the amount of rate stabilization funds used. For Direct Expenses, staff had 38 recommendations totaling \$1.33 million.

Further, staff updated assumptions for electricity use at the Walnut Hill plant based on early testing results and updated grit and screenings numbers based on a new contract.

Staff continue to challenge the scope and annual payments for the Utah landfill; MWRA should pursue renegotiation opportunities and the potential for sub-lease of some of the landfill space. A 20% reduction in the annual budget would result in a savings of \$162,000.

The FY06 increase is the largest dollar increase in more than a decade, with the exception of FY03 when the Authority lost all Debt Service Assistance and had to have a mid-year rate increase.

Current rate projections show that rate revenue could cross the \$500 million mark in just another year and pass the \$600 million mark just two years later. The Rate Revenue Requirement is projected to be more than \$700 million by FY2012.

A Motion was made **TO APPROVE THE ADVISORY BOARD'S COMMENTS & RECOMMENDATIONS TO THE MWRA'S PROPOSED FY06 CURRENT EXPENSE BUDGET.** It was seconded and passed by unanimous vote.

**Operations Committee** – Jay Fink

❖ **PRESENTATION: NEW LAWS AND REGULATIONS PERTAINING TO WATER SUBMETERING** – Paul Halfmann, Department of Public Health

Paul Halfmann of the Department of Public Health gave a brief overview of the new laws and regulations pertaining to sub-metering of water.

The sub-metering law was signed into law by Governor Romney in December and enacted in March 2005. The Board of Health's regulations took affect in April. Local Boards of Health are being trained in these regulations and can provide forms and a copy of the regulations to interested parties.

The sub-metering law states that it is an option to a property owner to charge water and sewer usage within an individual unit; however, there are numerous restrictions. Most of the burden of sub-metering is put directly on the owner to make sure that all the sub-meters are in place, water conservation devices have been installed (low-flow toilets, showers, etc.) and that the sub-metering equipment is also approved by the American Waterworks Association or equivalent, installed and certified by a licensed plumber.

The tenant can only be charged for the water that they, and only they, have access to. Common area water use must be broken out separately and each individual unit must be plumbed separately as well.

The owner is responsible for calculating the bills and collection from the tenants. For sub-metering purposes, the Legislature included language in the law that no owner can be considered a water company. The owner is still the owner of record and still responsible for the total water and sewer usage bill and is not allowed to shut off the water for any tenant for non-payment.

The lease must contain language that the tenant will be charged for sub-metering. A sub-metering form must be given to the tenant by the owner, which is also filed with the local Board of Health. Further, only new tenants can be charged for water; a tenant at will or tenants renewing a lease cannot be charged.

Bernie Cooper asked if tenants can complain to the Public Works Department about their meter reading. Mr. Halfmann said no; the owner would have to contact the water company only with regard to the direct meter from the water company.

Ms. Simonson said I am a staunch advocate for water conservation; however, I opposed this legislation because it is a disincentive for landlords to maintain repairs in their building because the tenants will pay the difference. Water companies are going to get hit with thousands of inquiries from people who want to know what the building owner is receiving as a reading on their meter in order to start calculating whether they are being fairly charged. Mr. Halfmann said it is up to the owner to provide the readings and to calculate the usage per unit to come up with a final bill for each tenant. The owner cannot include any administrative costs or claims for late fees charged to the owner by the water companies. The owner can pass along to the tenant the usage, customer service and taxes. By statute, nothing else can be included.

Rob Antico asked if the landlords will charge the same rates. Mr. Halfmann said the exact same rates must be utilized. It is in the statute that the added amount of each individual bill totaled cannot exceed the total bill to the owner in usage and in dollars.

Chairman Dunphy asked if tenants would be billed by their landlord for taxes on their water usage. Mr. Halfmann said if there is a usage tax that the water companies' bill, then the tenant can be charged for their portion of that tax.

Andrew DeSantis said large apartment buildings usually have an ascending block rate. Ordinarily, 0-100 HCF is billed at one rate and 100-200 HCF is billed at a higher rate. The primary meter in the building may be at a higher rate. Some unit meters may be in a low block. What does the landlord charge? Mr. Halfmann said the rate charged to the primary meter reading is the rate and will be the cost the landlord will use per unit charged. Ms. Simonson noted that tenants in larger buildings will be penalized by paying the higher ascending block rate for their use than smaller complexes.

**Executive Committee** – Katherine Haynes Dunphy

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro said the Senate begins deliberation on its budget next week. There are two areas of main consideration for the MWRA and the Advisory Board. The final House Budget included \$12.5 million for Debt Service Assistance (DSA); the Senate Ways & Means proposal includes \$15 million for DSA. Conference Committee will determine the final amount.

The Water Supply Protection Trust (Trust) is being assessed an additional Administration & Finance (A&F) indirect overhead fee. This is the third overhead fee assessed to the MWRA and Trust, over and above the Direct costs, PILOT payments and the debt service payments on land purchased throughout the years.

The first overhead fee is for shared employees that provide some level of service for the Trust. The fee is approximately \$500,000 for FY05. The Advisory Board has asked DCR to provide a methodology.

The A&F overhead is approximately \$2 million (23.96%). MWRA has officially requested that the Administration provide a waiver of this fee. A&F rejected that request. The Advisory Board is working with the Legislature to incorporate language into the Senate Budget that exempts the Trust from the A&F indirect charges forever, dating back to FY05. Senator Brewer has indicated his support for this legislation.

The third overhead fee is \$2 million for the fringe rate, which is assessed at 27% of the personnel line items of the DCR Water Supply personnel. The percentage is set by the State Comptroller.

The Executive Committee has authorized Daniel Dennis & Company LLP to conduct an audit of the Comptroller's office, DCR and PERAC to determine exactly what the fringe costs are.

❖ **STATUS: WATER SUPPLY PROTECTION TRUST**

Chairman Dunphy said the Water Supply Protection Trust (Trust) met yesterday at the Swift River Historical Society Museum in New Salem. DCR gave a presentation on the status of this year's budget and work plan. The first vote was four to one for the Trust to request a waiver from the A&F overhead rate.

The second vote takes \$4.5 million of this year's budget for land acquisition that will not be spent this year and includes it in next year's budget. The MWRA Board of Directors voted to not allot \$4.5 million for land acquisition to make an issue of the A&F overhead fee. That vote did not carry so there will be \$9 million next year for land acquisition, presumably if the MWRA Board agrees.

The third vote was a vote to reject the budget that was going to be presented at the meeting, which would have reflected \$2 million worth of cuts to pay for the A&F rate. The Trust voted an approval of an interim budget of \$4 million to be spent through October 31, 2005 to implement the work plan, which DCR had presented. This will allow the issue of the waiver of the \$2 million to play out over the summer; hopefully the Trust will not have to vote a budget that cuts the operations and the programs of the watershed by \$2 million.

**E. QUESTIONS AND COMMENTS**

**F. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:30 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary