

**MWRA ADVISORY BOARD MEETING
SEPTEMBER 15, 2005
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330 HOMER STREET, NEWTON CENTRE, MA
Minutes Approved at the October 20, 2005 Meeting**

Forty-six people were in attendance, including twenty-seven voting members: John Sanchez, ARLINGTON; E. A. Maguire, ASHLAND; John Sullivan, BOSTON; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; Jon Norton, EVERETT; Peter Sellers, FRAMINGHAM; J. R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Jay Fink, LYNN; Bruce Kenerson, LYNNFIELD; Ed Bates, MAPC; Dana Snow, MARBLEHEAD; Doran Crouse, MARLBOROUGH; Katherine Haynes Dunphy, MILTON; John Cosgrove, NEEDHAM; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Peter Smyrnios, PEABODY; Ted McIntire, READING; Richard Stinson, WAKEFIELD; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Michael Chiasson, WEYMOUTH; Zig Peret, WILBRAHAM; Michael Woods, WILMINGTON.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Don McCabe, ARLINGTON; Glenn Garbati, EVERETT; Rob Antico, WILMINGTON; Eileen Simonson, WSCAC; Ed Bretschneider, WAC; Matt Boger and Phil Jasset, UCANE; Fred Laskey, Marian Orfeo, Pam Heidell and Steve Estes Smargiassi, 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 11:55 a.m. and welcomed everyone to Newton.

B. APPROVAL OF THE MINUTES FROM MAY 19, 2005 AND JUNE 16, 2005

A Motion was made **TO APPROVE THE MINUTES FROM THE MAY 19, 2005 AND JUNE 16, 2005 ADVISORY BOARD MEETINGS.** It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR

MWRA Advisory Board Executive Director Joseph Favaloro thanked members for their kind expressions of sympathy over the summer with the loss of his mother.

Mr. Favaloro reported that staff has received a good response from communities in completing the Water & Sewer Retail Rate Survey, the Advisory Board's most requested document.

The Advisory Board plans to utilize the web and email services more frequently, including new monthly features such as News & Notes and E-interviews. Further, the Advisory Board's

Green Sheet will now be sent via email. Members who would like to receive these communications should provide staff with an email address.

Mr. Favaloro noted that staff is developing a piece for the web entitled “*Perspectives*”, which will celebrate the 20th Anniversary of the MWRA and the Advisory Board. “*Perspectives*” will include the views of regulators, cities and towns, politicians, individuals and entities that participated before and during the Authority’s existence on how far the Authority has come.

D. PRESENTATION: LONG RANGE WATER SUPPLY PLAN – Fred Laskey, MWRA Executive Director

MWRA Executive Director Fred Laskey stated that the MWRA Board of Directors, based on a Motion by John Carroll, directed staff to take a look at the Authority’s long-range water supply to determine if there is the capacity to expand the MWRA District.

Without the amount of state funding that had been promised and received in the past, the Authority has a huge financial challenge ahead of it. There are communities around the MWRA District that are desperate for water.

Staff first worked to determine the safe yield of the reservoirs to supply water to the Greater Boston area; there are different ways to measure it. From a historical perspective, when the Quabbin, Wachusett and Ware Reservoirs were first envisioned as far back as the late 1800s, people predicted that the Reservoirs would be able to provide to the Greater Boston area over 300 million gallons per day (MGD) of water. The Water Permit of 1929 that allows the creation and the operation of the Reservoir envisioned no limit on its usage, it simply provided for releases down the rivers to maintain the vitality of the Swift and Nashua Rivers.

The Department of Environmental Protection’s (DEP) criteria bases safe yield on the impact of a reservoir in a one in every 20-year drought; with that characterization, MWRA’s system could allow 355 MGD out of the reservoir on average and that would meet safe yield. MWRA’s high usage was 342 MGD in 1980. The Water Supply Citizens’ Advisory Committee (WSCAC), in a different context and time, urged the Authority to adopt a 318 MGD safe yield number.

In the 1980s, the Commonwealth issued a Water Management Act (WMA) permit for the reservoirs that allowed a 312 MGD safe yield that still holds today. Authority staff, using a multi-dimensional model analysis, determined a very safe and conservative safe yield target at 300 MGD, which took into account the drought of record (1960s). Mr. Laskey said somewhere between 300 and 320 MGD is a safe place for the Authority to be.

Water usage continues to drop, which makes it difficult for many communities because they build a rate base based on water usage. MWRA’s running five-year average is 230 MGD. Last year, it used 220 MGD, substantially lower than its peak of 342 MGD. This year there has been no radical deviation from the trend; however, it would be shortsighted to think the MWRA would remain at 220 MGD.

What is the future of the MWRA District as it currently exists? There have been two projections done, one by MAPC and the Pioneer Valley Planning Commission and the other by the Executive Office of Environmental Affairs (EOEA), looking at potential build out and growth causing increased use in the district. In conservative terms, if every square foot was

built out, this would require an additional 11 MGD. Further, pending admission of Reading, Wilmington, Dedham/Westwood Water District and the Weymouth Naval Air Station to the Waterworks system, an additional 3.5 MGD would be required, which added to the five-year average of 230 MGD would result in a total of 244.5 MGD.

Another issue that came up in this planning exercise is how to deal with partial water users or communities that use MWRA as an emergency backup (Cambridge, Worcester, Leominster, etc.). MWRA provides these communities with 14 MGD and they have 69 MGD of their own. MWRA would hold 25% of the 69 MGD in abeyance (17 MGD); it would be unlikely that all these communities would lose all their water all at the same time.

Communities that may need water because of shortfalls, deficits or problems (although these communities have not expressed an interest in joining the MWRA) include Avon, Brockton, Sharon, Whitman, Lynnfield, Salem, Ashland, Hopkinton, Holliston, Milford, Medway, Bellingham, Barre and the entire Ipswich River communities. The amount of water they might be looking for from MWRA could potentially be 17 MGD.

The tally of the 5-year MWRA average, potential growth of existing communities and communities seeking entry to the system of 244.5 MGD added to the 17 MGD for partial and emergency users and the 17 MGD for potential users would be 278.5 MGD or 280 MGD. The most conservative of safe yields would still leave MWRA with a 20 MGD cushion available.

MWRA has requirements to discharge into the Swift and Nashua Rivers and limit when it withdraws from the Ware. Over the years WSCAC has made the argument that MWRA should allow more releases at different times of the year for the fisheries and the cleansing of the river; Mr. Laskey said that is something staff needs to look at. Even with additional releases, the Authority would still be within the margin of error for 5 to 10 million gallons for releases. MWRA has not been aggressive in using the Ware; the Ware is exercised and is used to maintain the Authority's rights.

With the Neponset and Ipswich Rivers running dry, there would be an environmental benefit. The MWRA would receive a financial benefit through entrance fees of \$5.2 million for every million gallons withdrawn, along with ongoing revenue for their water usage.

There would be environmental and regulatory obstacles. The regulators have an aggressive and ideological view against inter-basin transfers and conservation requirements. Mr. Laskey noted that MWRA's Policy & Planning Manager Pamela Heidell is in the midst of debate with the regulators regarding the 65 residential gallons per capita day goal or limitation, which is an arbitrary number.

In terms of marketing the water, the quality of MWRA's ozone treated water through the use of the John J. Carroll Water Treatment Plant is a key part of it. When the plant came online, Mr. Laskey said he boasted in the newspaper that he would put MWRA's water up against bottled water anytime. The Boston Globe took Mr. Laskey up on the challenge in a water tasting competition. It went well. The judges were the owner of the Sam Adams Brewery, a wine expert, a water expert and Mr. Laskey. All agreed that the water was top quality and could not determine which was bottled water and which was tap water. The greatest difference was the price.

Ozone disinfection allows the MWRA to dramatically reduce the use of chlorine and is known to enhance taste. A number of utilities around the country use ozone as a supplement to filtration. As far as marketing goes, it is affordable.

WSCAC Co-Executive Director Eileen Simonson said WSCAC disavows the 1984 safe yield number it had proposed, stating that the Committee has gotten smarter since then. The safe yield numbers are real, but are on the silly side because the 355 MGD yield is what the watershed yield is; it doesn't count the downstream releases. WSCAC would like to see the downstream releases increased because the Nashua River only gets 1.5 million gallons a day from the Wachusett, which is not a proportionate release for a 110 square mile watershed. The Swift River, downstream of Quabbin, is being held at its August median flow.

In the 1960s, during the drought of record, the system was using about 250 MGD. The Quabbin Reservoir dropped to 45% of capacity. If water use stays at or below 250 MGD, the Reservoir would be virtually drought proof given the historical record. There is a financial value to that security.

When the MWRA was created, it was intentionally not given the rights to own land or water within the Commonwealth. This system does not own the water it delivers; MWRA was created to provide a service. The water is not a commodity. It is a public health and safety matter. MWRA is to do everything to conserve in preference to increasing withdrawals regardless of how worthy a community is, unless it meets the letter of the law. In the MWRA statute, the letter of the law is that a town has to experience contamination that cannot be restored economically.

Ms. Simonson stated the 312 MGD that the WMA permit gives the MWRA is not a yield; it was the "grandfathered" amount that the WMA established as the water use from 1981 through 1985. WSCAC hopes the MWRA will never reach that number.

The MWRA Waterworks System participated in an Army Corps of Engineers modeling exercise in 1991, 1992 and 1993 and a report that was issued showed that if the towns in this system increased use from 252 MGD to 270 MGD, the system would need two years and two months of voluntary drought response.

When the City of Cambridge needed 12 to 15 MGD in an emergency, the MWRA was able to jump in and provide it. Ms. Simonson said in the short run, the system could provide 350 MGD, but every time 1 MGD is sold now, it is 1 MGD that is not available for the future.

The MWRA's System Expansion Policy has no criteria to say no to a community, it is all on a first come first served basis.

Communities within the watershed may want to buy water from the MWRA and they should have first rights because it is their water. The City of Worcester owns 21 square miles of watershed land and the water then comes to the Wachusett Reservoir. The Town of Barre has expressed an interest in purchasing water, as well as Boylston, West Boylston and others. Although the Town of Belchertown is water rich, Springfield owns most of its water sources. There are communities within the watershed that will need a response from the MWRA down the road. WSCAC hopes the MWRA will consider both sides of the issue.

WSCAC believes the Authority should reconsider charging standby fees. The MWRA has spent \$2 billion on its water system; to ask communities who can receive MWRA water in an emergency with minimal effort to pay a base rate is not mean spirited. This would give the MWRA a small but consistent source of new revenue. The towns that are coming in now are primarily buying water because they are short in the summer. This water system still has work to do so suburban and urban communities have a more equitable shot at the water.

John Cosgrove asked how WSCAC knows its projections today are more accurate than its projections in 1984. Ms. Simonson said the number WSCAC talked about was not a real projection of safe yield of the system; it was based on certain assumptions in the old long range water supply and EIR.

Mr. Cosgrove stated that WSCAC is putting a lot of stead in the drought of 1960, which was a one in 400-year event. Ms. Simonson said in the 1980s, with demand at 310 to 330 MGD, all the system lacked was snow cover for two winters and the Quabbin fell to 67% of capacity. Because there was no snow cover, trees sprouted at the Quabbin shoreline within one growing season, requiring personnel to work on the periphery of the reservoir; it isn't good for water quality.

E. COMMITTEE REPORTS

Executive Committee – Katherine Haynes Dunphy

❖ ACTION ITEM: ELECTION OF FY06 EXECUTIVE COMMITTEE

Stephen Horlick of Saugus withdrew his application; therefore, he has been removed from the slate offered for approval.

Hearing no nominations from the floor, the following slate was submitted by the Executive Committee, acting as the Nomination Committee, for consideration by the full Advisory Board:

<u>Chair:</u>	Katherine Haynes Dunphy, Milton
<u>Vice Chair of Finance:</u>	Bernie Cooper, Norwood
<u>Vice Chair of Operations:</u>	Jay Fink, Lynn
<u>Secretary:</u>	Edward Sullivan, Canton
<u>Treasurer:</u>	John P. Sullivan, Boston

<u>At-Large:</u>	Lawrence Barrett, Stoughton
	Andrew DeSantis, Chelsea
	William P. Hadley, Lexington
	Timothy MacDonald, Cambridge
	Edward D. McIntire, Jr., Reading
	John Sanchez, Arlington
	Dana Snow, Marblehead
	Lou Taverna, Newton
	Walter Woods, Wellesley

A Motion was made **TO ADOPT THE PROPOSED FY06 MEMBER SLATE AS THE FY06 EXECUTIVE COMMITTEE.** It was seconded and passed by unanimous vote.

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro said the Advisory Board’s legislative strategy relating to rate relief for the coming budget season begins with a “Community Rate Projection Profile” that staff developed for each community based on the MWRA’s rate projections for water and sewer assessments over the next five years. These profiles were delivered to legislators this morning and will be sent to communities as well. It is staff’s expectation that this will get the attention of legislators.

As the next step in the strategy, the MWRA and the Advisory Board will meet with the legislators to explain the components of the MWRA budget and their relation to operating costs in an effort to seek rate relief from the Commonwealth through the Legislature.

Additionally, legislation has been filed on behalf of the community of Saugus that would provide Saugus with a \$20+ million 20-year interest-free loan from the MWRA to upgrade the water lines on Route 1. The Advisory Board plans to weigh in at the hearing as opposed to this bill; all communities must be treated equally. The Authority has an infrastructure loan program in place; allocation of those funds to the Route 1 project is at Saugus’ discretion.

Both the House and Senate leaders have said they will work to waive the Administration & Finance Indirect Fee for the Water Supply Protection Trust, which will meet again on September 27.

❖ **STATUS: CSO HOLISTIC APPROACH**

Mr. Favaloro said Advisory Board staff has strongly advocated tying up all the loose ends on the CSO Holistic Approach. Additional expenditures for stormwater in the Boston beaches CSO projects were to translate into reaching closure on the other basins (East Boston, Mystic and Charles) with long-term variances.

An agreement between DEP, EPA and MWRA for a 12-year variance with a three-year revisit that would result in 15 years with no additional expenditures has begun to deteriorate with DEP stating that it cannot give more than a three-year variance. EPA – Washington is waffling as well and now has included a 30-day comment period.

Finance Committee – Bernard Cooper

❖ **UPDATE: CEB AND CIP**

Cornelia Potter stated yesterday at the MWRA Board of Directors’ meeting staff identified a number of budgetary risks, which include an increase in health care costs, increases in energy costs for electricity, natural gas, diesel fuel and gasoline. Those costs could well increase the Authority’s budget by nearly \$2 million. Chemical costs could rise by \$900,000. Sludge production is higher and could add another \$500,000 to this year’s budget for a total of \$3.7 million in potential greater than budgeted spending.

As a way to ease pressure on rates, the Board heard a report from the financial advisors on how to make changes to reserve requirements. The presentation highlighted current fund balances and requirements, options to reconsider and identified a number of changes that could be considered subject to the discretion of legal and financial changes. The Board directed staff to begin investigation of these ideas.

Changes to the Bond Resolutions are a multi-year process and can take six to eight years to implement so these changes will not help to ease projected rate increases in the next three to five years.

MWRA staff began the CIP process earlier this week and will begin the CEB process in ten days or so. Further, Budget Director Carl Erickson has resigned and the Authority is advertising for a replacement.

❖ **WHAT THE FUTURE BEARS FOR COMMUNITY ASSESSMENTS**

The MWRA Board of Directors is considering dates for an offsite meeting to discuss rate increases, the Authority's single most challenging issue. The Advisory Board looks forward to participating in the discussion.

Operations Committee – Jay Fink

❖ **UPDATE: SYSTEM EXPANSION REQUESTS**

Jay Fink noted that the Operations Committee will meet on September 27th. The Town of Reading is seeking admittance to the MWRA Waterworks System and will be at the Operations Committee meeting for a vote on its application.

Ryan Ferrara added that Professor Steven Ferrey of the Suffolk University School of Law has requested to speak with the Committee regarding the high-strength component of the MWRA wastewater wholesale rate. Professor Ferrey will also share some MWRA sampling data regarding BOD at the community level.

F. QUESTIONS AND COMMENTS

G. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:20 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary