

**MWRA ADVISORY BOARD MEETING  
JUNE 21, 2007  
BRADLEY ESTATE  
2468B WASHINGTON STREET, CANTON, MA – 11:30 A.M.  
MINUTES APPROVED AT THE SEPTEMBER 20, 2007 MEETING**

Forty-two people were in attendance, including twenty voting members: Peter Castanino, BELMONT; John P. Sullivan, BOSTON; Ed Sullivan, CANTON; Jerry F. Sheehan, EVERETT; J.R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Dennis Meehan, LEXINGTON; Bruce Kenerson, LYNNFIELD; Doran Crouse, MARLBOROUGH; Ben Lagman, MELROSE; Katherine Haynes Dunphy, MILTON; Timothy Dooling, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Michael Martello, WAKEFIELD; Patrick Fasanello, WALPOLE; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Zig Peret, WILBRAHAM.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Avril Elkort, CANTON; Jon Norton, EVERETT; Ron Seaboyer, MELROSE; Walter Heller, MILTON; Ed Bretschneider, WAC; Eileen Simonson, WSCAC; Hillary Lacirignola, WESTON & SAMPSON ENGINEERS, INC.; Philip Macchi, MACCHI & MACCHI, LLP; Daniel Merrikin, MERRIKIN ENGINEERING, LLP; Nicholas Panagopoulos, D&N REALTY TRUST; Fred Laskey, Michael Hornbrook, Pam Heidell and Ria Convery, MWRA STAFF; Joe Favaloro, Cornelia Potter, Matthew Romero, Christine Hevelone-Byler and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**A. WELCOME**

Chairman Katherine Haynes Dunphy called the meeting to order at 11:33 a.m. and introduced Canton Selectman Avril Elkort who welcomed everyone to Canton and thanked members for their efforts.

**B. APPROVAL OF THE MINUTES FROM APRIL 19, 2007 AND MAY 17, 2007**

A Motion was made **TO APPROVE THE MINUTES FROM THE APRIL 19, 2007 AND MAY 17, 2007 ADVISORY BOARD MEETINGS**. It was seconded and passed by unanimous vote.

**C. REPORT OF THE EXECUTIVE DIRECTOR**

MWRA Advisory Board Executive Director Joseph Favaloro reported that Breyers/Good Humor is now in compliance with the MWRA's bio-chemical oxygen demand requirements. A little pressure from the press and a lot of pressure from the MWRA with fines has resulted in bringing one of the biggest entities in non-compliance closer to being in full compliance.

The MWRA Advisory Board has recently submitted written testimony on two pieces of legislation. The first item is related to duplicate payments in lieu of taxes (PILOT) that the Authority makes to communities in western Massachusetts; the second item relates to the Department of Conservation and Recreation's (DCR) fringe rate.

Further, the Advisory Board has brought the communities of West Boylston, Rutland and Holden, along with area legislators, DCR, MWRA and the Advisory Board, together to discuss the handling of the Rutland-Holden sewer line. Thus far, the group has met twice. By the end of the second meeting, communities were making suggestions and asked to bring Worcester to the table as well, as they are a key part of the discussion.

Mr. Favaloro recognized the efforts of Bill Elliott, who is retiring from his role with the Water Supply Citizens Advisory Committee.

**D. PRESENTATION: A REVIEW OF THE MWRA'S HIGHLIGHTS OF FY07** – Fred Laskey, MWRA Executive Director

MWRA Executive Director Fred Laskey stated the completion of the CSO projects occurring this year is likely the MWRA's third most significant milestone in the cleanup of the Harbor. The elimination of sludge, the opening of the outfall and the building of Deer Island are also significant components of the cleanup. With the completion of projects this year, reductions in flows in the CSO Program is dramatic – a 44 million gallon reduction in overflows annually into the Charles and 20 discharges eliminated; South Dorchester eliminated 30 million gallons of CSO overflows onto the beaches of Dorchester; Little Mystic – 4 million gallons in that small body of water, 9 discharges a year eliminated; Fort Point Channel – 64 million gallons eliminated this year (17 discharges); all dramatic improvements in the cleanup of Boston Harbor. The Inner Harbor had 85 million gallons reduced (13 discharges).

A number of the projects were managed by the Boston Water and Sewer Commission (BWSC). The Stony Brook Sewer Separation Project in Jamaica Plain was a \$45 million project that was managed in three phases by BWSC, again, with dramatic improvements. The South Dorchester Project was also managed by BWSC and paid for by the MWRA; the size of this project would be similar to separating the entire city of Brockton. Dorchester is approximately the fifth largest community in the state and all of it has been separated through a multi-year, multi-contract project eliminating 30 million gallons that were going to the beach. With all of these accomplishments, the Authority has been frustrated in its efforts to get news coverage on these events. The Boston Globe did almost a full column editorial on the Dorchester beaches and there was no mention of this accomplishment. The MWRA needs to show the ratepayers that their money is being invested wisely.

In September, a tunnel boring machine, being constructed by Hitachi, will be delivered to the Conley Terminal to dig a two-mile soft ground storage tunnel along the beaches in South Boston that will provide virtual elimination of CSOs to the beach and a dramatic level of stormwater control without setting a precedent that the MWRA is in the stormwater business.

Construction has finally begun on the Blue Hills Covered Storage Project to provide storage south of the city and the MWRA is rebuilding its water pump stations throughout the district to modernize these facilities. Construction on the Upper Neponset Valley Relief Sewer and the Braintree-Weymouth Projects continues.

At the Advisory Board's urging, the Authority has finished its Master Plan. Mr. Laskey thanked the Advisory Board for its prodding and pushing to get the Master Plan done because it was a helpful and productive process.

Moving forward, another thing to keep in mind is that parts of Deer Island are more than ten years old. The amount of equipment upgrades and replacement are going to grow every year to maintain that plant, with \$16 million scheduled for next year and \$128 million scheduled for the future. However, things happen everyday. Staff recently found some pitted piping in the sludge area that had an expected life of 40 years. The glass lining on the inside has been compromised in spots and is going to have to be replaced at a cost of \$4 to \$5 million. These are unexpected expenses.

Other important projects that are on the books are the Northern Intermediate High and Southern Extra High Programs. There is a lack of redundancy north and south of the city; it is not a perilous situation but it is not a healthy situation either. The Authority has engaged design firms to begin work on these projects, which will put the MWRA in a strong position going forward.

Community financial assistance continues to be a positive program for the MWRA and the communities. Communities are using the money; projects are ongoing. At times there has been some debate at the Board level on the virtue of this program; however, the three Advisory Board representatives on the Board have fought that fight and continue to make sure this program is adequately funded going forward.

The Authority has met the parameters of its five-year cap, including a 20% variance, for the first four years and is coming into the fifth year. The cap was a major initiative that was spearheaded by Mr. Carroll and the Advisory Board. Mr. Laskey stated one advantage of having the Advisory Board is that they look at the numbers in different ways; the Advisory Board is predicting that by 2012 the Authority may run into some cap problems and has made a constructive recommendation in this year's budget to ensure that design work for future projects doesn't get put on hold because of issues on the construction side. The MWRA may take a different approach and go to the Board in 2010 or 2011 and ask to adjust the cap but the intent was forward thinking and long-range thinking.

A handful of projects are going to represent half of the Authority's spending for next year, including the North Dorchester Bay Project and the Morrissey Boulevard drain project, which is a major part of the South Boston cleanup and will be managed by BWSC; upgrades to various parts of the system; and the beginning of the addition of ultraviolet treatment at the John J. Carroll Water Treatment Plant.

An important development this year is that the Authority has sold another parcel at the shipyard and now only has one small vacant lot that is being used to stage construction on the replacement pump station for Braintree-Weymouth in addition to the pellet plant. The Authority continues to run the railroad to carry the pellets and to ship oil for the Twin Rivers Plant; the railroad more than pays for itself. The City of Quincy feels strongly that the railroad guarantees that the pellets will not be taken out by truck.

Deer Island generates a lot of its own electricity through the use of methane gas. The MWRA received an award for using bio-diesel and has recently bought 23 hybrid vehicles to replace older vehicles. Further, by replacing older computer screens with new screens the Authority is using less energy and has implemented computer programs that automatically shut the computers down so computers are not running all night. Motion detector lights have been installed. The little things add up to achieve energy conservation. MWRA is considering an energy audit at some of its major facilities. The Authority received a \$900,000 grant for solar

energy at Deer Island and is looking closely at wind energy for some of its locations. The MWRA generates a lot of hydro power at Cosgrove and Oakdale yet that is not considered green credits for alternative fuels. There is a finding in the environmental community about whether hydro from dams is good environmentally.

Water demand continues to decrease, due in part to water conservation efforts, nationwide trends and changes in the plumbing code, spurring discussion about expansion of the MWRA system. The Town of Reading is close to joining the system, with the Town of Wilmington and the former Weymouth Naval Air Station on the horizon.

As a system, the MWRA continues to meet lead action levels.

A major part of the Authority's budget is debt service. Last fall the Board of Directors convened a Rates Management Committee, made up of MWRA and Advisory Board staffs, members of the Board of Directors and consultants, to look at ways to restructure the MWRA's debt to provide some relief from the rates. MWRA restructured its debt, pushing peaks out to smooth rates. The restructuring was a productive process that would not have happened if it weren't for Joe Favaloro and Cornelia Potter. The Board paid attention and got the job done. Even with the restructuring, MWRA still has \$30 million in increased debt service coming year after year; it is daunting. Rate revenue requirements are going up 73% in the next ten years (\$360 million), mostly attributable to debt service.

Mr. Laskey stated that people ask why the MWRA doesn't just use its reserves to smooth rates. All the reserves are currently worked into the MWRA's long-term financial plans to maintain stable rate increases across the board. If the MWRA received DSA based on the original plan in 1994, it would have gotten \$60 million this year.

Big issues for next year include GASB 45, a new accounting standard that says future health insurance costs for employees after they retire are considered a known liability, similar to a pension liability, and must be pre-funded; Massport may need the cross harbor cable that brings electricity to Deer Island relocated – record drawings show the electrical conduit is four or five feet higher than it was supposed to be in the permit. The U.S. Justice department is involved. Moving the cable has a potential cost of \$30 to \$40 million.

Ron Seaboyer asked how the MWRA is going to handle GASB 45. Mr. Laskey said because the MWRA is larger it has to fund GASB 45 earlier than most of the communities. The Authority hired an actuarial firm to come up with a funding schedule and the MWRA plans to simply add this liability to its rate base beginning in FY08. Discussions are ongoing about whether to put these funds into a Trust; staff does not want to send these funds to the Retirement Board, preferring to keep these funds in the control of the Authority. The Authority has a thirty-year funding schedule.

Mr. Favaloro added that GASB 45 is one area that the Advisory Board and the MWRA have a difference of opinion; not on the requirement, but how best to move forward, especially if the Authority gets only \$15 million in DSA. How can the Authority rationalize or justify a contribution in FY08 of nearly \$9 million. Mr. Laskey said GASB 45 is now an obligation; it should be funded and put into the Authority's rate base this year, although the Advisory Board's position is not without merit.

Mr. Favaloro said Mr. Laskey was kind in all of his comments on the Advisory Board; the Advisory Board is effective as a result of a staff at the MWRA that is willing to listen and incorporate and participate in that overall discussion. Looking at the accomplishments of FY07 and peering into FY08, this is an organization that has accomplished much over a short period of time and deserves far more credit than it receives.

## E. COMMITTEE REPORTS

### Operations Committee – Jay Fink

#### ❖ **ACTION ITEM: TO APPROVE THE REQUEST BY D & N REALTY TRUST, LOCATED PRIMARILY IN THE TOWN OF FOXBORO, TO TIE INTO THE MWRA SYSTEM FROM ITS SITE AT TWO WASHINGTON STREET, FOXBORO VIA A CONNECTION TO THE WALPOLE SYSTEM**

Hillary Lacirignola of Weston & Sampson Engineers, Inc. stated D & N Realty Trust is seeking a sewer permit connection for a site located in Foxboro, with a small portion located in Walpole. The applicant is applying under MWRA Policy #OP.11 for a site located outside of the MWRA sewer service area. The site consists of a restaurant, a function hall, a recreational facility and offices for a construction company and is an existing facility dating back to the 1960's. The sewer service application came about due to concerns by the Walpole and Foxboro Boards of Health regarding the failing septic system on the site. Site soils are not suitable for onsite disposal.

Average daily flow over the past three years is just under 11,000 gallons per day (gpd); calculated using Title V flows, the flow is 43,393 gpd. MWRA Policy #OP.11 requires that inflow be removed from the transport system at a rate of four to one gpd; therefore, over 173,000 gpd must be removed from the Walpole system. Ms. Lacirignola stated 27 manholes that contribute 91,000 gpd of inflow into the Walpole system have already been identified and she is confident there are inflow sources in Walpole to fulfill the remaining inflow requirements. Upon completion of the work, a final flow removal report will be submitted to the MWRA, which will have a detailed description of the repairs made to each manhole.

Eileen Simonson of WSCAC asked if the consultant investigated the cost and feasibility of an on-site tertiary treatment plant with discharge to ground. Ms. Lacirignola said it was evaluated and found not to be feasible because of the receipt to ground.

Mr. Favaloro noted that both the Executive and Operations Committees have approved the following motion.

**A Motion was made TO APPROVE THE REQUEST BY D & N REALTY TRUST (CHRISTINA'S RESTAURANT AND FUNWAY), LOCATED PRIMARILY IN THE TOWN OF FOXBORO, TO TIE INTO THE MWRA WASTEWATER SYSTEM FROM ITS SITE AT 2 WASHINGTON STREET, FOXBORO, MA VIA A CONNECTION TO THE WALPOLE SYSTEM THROUGH A 1,180 FOOT, EIGHT-INCH FORCE MAIN IN ADDITION TO 370 FEET OF SEWER SERVICE PIPING ON THE APPLICANT'S PROPERTY.**

**THIS MOTION IS SUBJECT TO THE PARAMETERS SET FORTH IN MWRA POLICY #OP.11, "REQUESTS FOR SEWER SERVICE TO LOCATIONS OUTSIDE MWRA SEWER SERVICE AREA." THIS INCLUDES PROVISIONS THAT 1) THE APPLICANT WILL BE RESPONSIBLE FOR MAINTENANCE OF PIPELINE CONNECTING THE PROPERTY TO**

THE EXTENDED WALPOLE SEWERAGE SYSTEM AND WALPOLE WILL BE RESPONSIBLE FOR THE PIPE FROM CHRISTINA'S CONNECTION POINT TO ITS SYSTEM; 2) THE APPLICANT WILL BE RESPONSIBLE FOR ASSURING THAT NO ADDITIONAL CONNECTIONS WILL BE MADE TO THE PIPE FROM OUTSIDE OF WALPOLE WITHOUT PRIOR APPROVAL OF THE MWRA.

FOR THE PURPOSES OF CALCULATING THE ENTRANCE FEE AND PEAK INFLOW REMOVAL, THE APPLICANT'S FLOWS WILL BE SET TO A MAXIMUM DAILY FLOW OF 43,393 GALLONS PER DAY. THE APPLICANT WILL LIMIT AVERAGE DAILY FLOW TO 13,000 GALLONS PER DAY.

THE APPLICANT WILL PAY THE TOWN OF WALPOLE BOARD OF WATER AND SEWER COMMISSIONERS, OR OTHER ENTITY TO BE IDENTIFIED, A FEE TO REMOVE AT LEAST 173,572 GALLONS PER DAY OF PEAK INFLOW FROM THE WALPOLE SYSTEM, PURSUANT TO THE FLOW REMOVAL REPORT SUBMITTED IN ITS APPLICATION AND THE REQUIREMENTS OF MWRA POLICY #OP.11, WHICH STIPULATES A FOUR TO ONE REDUCTION OF INFLOW. THE APPLICANT MUST SUBMIT AN UPDATED FLOW REMOVAL REPORT AND PROVIDE MEASUREMENTS BOTH PRIOR TO AND AFTER REMOVAL OF THE INFLOW AS STATED IN THE UPDATED PROPOSAL. THE APPLICANT WILL PROVIDE THE MWRA ADVISORY BOARD WITH A FINAL FLOW REMOVAL COMPLETION REPORT VERIFYING 173,572 GALLONS PER DAY OF INFLOW HAS BEEN REMOVED. IN ADDITION, THE APPLICANT WILL BE RESPONSIBLE FOR ENSURING AN ADDITIONAL I/I REDUCTION PURSUANT TO THE REQUIREMENTS OF THE WATER RESOURCES COMMISSION. INFLOW IS TO BE REMOVED PRIOR TO THE ACTIVATION OF THE CONNECTION.

THE APPLICANT WILL PAY A CONNECTION FEE OF \$168,391 TO THE MASSACHUSETTS WATER RESOURCES AUTHORITY, CONSISTENT WITH THE GUIDELINES SET FORTH IN MWRA POLICY #OP.11, IF THE BOARD OF DIRECTORS' APPROVAL IS OBTAINED PRIOR TO JUNE 30, 2007. APPROVAL AFTER JUNE 30, 2007 WOULD NECESSITATE A RECALCULATION OF THE ENTRANCE FEE. It was seconded and passed by unanimous vote.

**Executive Committee** – Katherine Haynes Dunphy

❖ **UPDATE: STATUS OF DEBT SERVICE ASSISTANCE**

Mr. Favaloro reminded Advisory Board members to contact their legislators urging support of \$25 million in Debt Service Assistance.

**Finance Committee** – Bernard Cooper

❖ **UPDATE: CIP/CEB BUDGET PROCESSES**

Cornelia Potter stated Mr. Laskey's presentation pointed out the key directions in which the Capital and Current Expense Budgets are headed. On the capital side the numbers are presented in several different timeframes: a ten-year period, a cap-related period and the immediate year ahead.

For the ten-year period (FY08-17) spending has increased from the proposed budget by just over \$30 million. Some costs increased and other spending schedules were pushed earlier.

Most notably the West Roxbury Tunnel was advanced a couple of years bringing more of that spending into the ten-year period and accounting for \$15 million of the \$30 million increase.

Some of the other projects contributing to the increase in the ten-year period are \$5 million for additional spending at the Deer Island plant, \$2.5 million for the East Boston Branch Relief Sewer, and rising cost estimates for the Morrissey Boulevard drains CSO project, which increased by over \$4 million and is now twice what the Authority anticipated spending when the Authority agreed to take on financial responsibility for that project. Also increasing costs is PCB related work at the Wachusett Reservoir for another \$5+ million.

Adjusting the cap calculation and spending during the current cap period, the Authority has updated its estimates of spending for the close of this fiscal year and the next and final year of the existing five-year cap and reported that spending has slowed by another \$22 million to a new total of \$914 million as compared to the \$1134 million that was originally allowed. There are a number of different reasons for these reduced levels of spending but according to the Advisory Board's analysis a significant portion is due to lower spending for waterworks distribution and pumping projects than had been planned at the time the cap was originally set four years ago. The shape of the capital budget changed dramatically during the period and contributed to less spending during that period.

For the next five-year cap period, the Authority had a proposed cap of \$994 million. During the months since the proposed CIP and the proposed cap were presented, this amount has grown, first by \$5 million and then to a total of \$50 million to \$1045 million due to shifts and increases principally in wastewater projects. Again, the major contributor to the changes in the numbers is the acceleration of the West Roxbury Tunnel accounting for \$30 million of the \$50 million. Also, contributing are shifts in acceleration for Deer Island asset protection. Those are the primary movers in the next five-year period.

For the immediate year ahead (FY08), spending increased by \$5 million to a little over \$250 million, primarily due to increased spending on the North Dorchester Bay Tunnel Project and for new projects to remediate PCBs at the Wachusett Reservoir.

As Mr. Laskey mentioned, half of all capital spending will be for five projects: North Dorchester Bay, Deer Island plant improvements, Morrissey Boulevard CSO, Blue Hills and the Upper Neponset Valley Relief Sewer.

Several new projects will move forward in FY08, including the design of the West Roxbury Tunnel Project and the East Boston CSO contract, for which construction will start next year.

On the Current Expense Budget side, the principal change the Authority made over the course of the spring was to increase the budget to meet the GASB 45 obligation. The Authority had earlier estimated its obligation beyond the current retirees at \$4.5 million; however, revised analysis puts that number closer to \$7 million so the Authority has increased that while decreasing spending for some other areas including Electricity and Wages and Salaries.

Those items were changed after the Board's budget hearing on June 6 bringing the rate revenue requirement to 5.9%, as compared to the 6.4% that had been earlier proposed. This represents an increase of \$29.4 million over the current year's rate revenue requirement. The Authority's budget assumes \$15 million in state Debt Service Assistance. An increase in DSA

or perhaps an alternative move, particularly involving GASB 45 funding, may ease that rate increase.

An important outcome of the renegotiated CSO Control Program a year ago was the agreement to extend water quality variances for the lower Charles for a series of five three-year variances. The first of those variance extensions is coming due and there will be a comment period over the next 30 days. A hearing has been set in Somerville for Wednesday, July 18, and comments are due on Thursday, July 19. The assumption is the variances will be extended, but there will likely be some testimony from people that do not want that to happen.

❖ **FY08 COMMUNITY ASSESSMENT SCENARIOS**

Mr. Laskey stated since we are within days of the new fiscal year and still do not know what the Authority is going to get in terms of Debt Service Assistance, the Advisory Board felt it would be good to provide communities with a couple of scenarios for the FY08 community assessments. The rate increase will be 5.9% if the \$11.25 million that was included in the Governor's Budget is approved or a 4.4% increase if the \$25 million that was included in the House Budget were included. This is for guidance purposes only. Calls to the legislature would be helpful.

Mr. Favaloro said up until two days ago, staff was confident that the \$25 million would be included at the end of Conference Committee; yesterday staff received information that DSA was moved back into play between the House and the Senate. Mr. Favaloro urged members to contact their Senators to ask them to go with the House number.

**F. OTHER**

**G. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:55 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary