

**MWRA ADVISORY BOARD MEETING
NOVEMBER 15, 2007
BOSTON WATER AND SEWER COMMISSION
980 HARRISON AVENUE, BOSTON, MA – 11:30 A.M.
MINUTES APPROVED AT THE JANUARY 17, 2008 MEETING**

Forty people were in attendance, including twenty-five voting members: Peter Castanino, BELMONT; John Sullivan, BOSTON; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; Jerry F. Sheehan, EVERETT; Edmund Demko, HINGHAM; Dennis Meehan, LEXINGTON; Jay Fink, LYNN; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLHEAD; Ron Seaboyer, MELROSE; Katherine Haynes Dunphy, MILTON; John Cosgrove, NEEDHAM; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Brian Carlisle, QUINCY; Ted McIntire, READING; Carol Antonelli, SOMERVILLE; Richard Stinson, WAKEFIELD; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Zig Peret, WILBRAHAM; Robert Antico, WILMINGTON; Anthony Blazejowski, WOBURN.

Also present: John Carroll and Joseph Foti, MWRA BOARD OF DIRECTORS; Vincent Mannering, BOSTON WATER AND SEWER COMMISSION AND MWRA BOARD OF DIRECTORS; Charles Jewell, BOSTON; Jon Norton and Ralph Pecora, EVERETT; Tim Walsh, WESTWOOD; David Gilmartin, Joshua Das and Leo Norton, MWRA STAFF; Joe Favaloro, Cornelia Potter, Matthew Romero, Christine Hevelone-Byler and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. **WELCOME** – Vincent Mannering, Executive Director, Boston Water and Sewer Commission

Chairman Katherine Haynes Dunphy called the meeting to order at 11:43 a.m. and introduced Vincent Mannering, Executive Director of the Boston Water and Sewer Commission (BWSC). Mr. Mannering welcomed everyone to BWSC's facilities and noted that he has had the pleasure of working with a number of stellar Advisory Board appointees, including the three now serving, during his 12 years as a member of the MWRA Board of Directors. The Board will continue to work to try to keep rates down as low as possible, while providing environmental stewardship that is second to none. The Advisory Board's guidance has helped in this effort. Thank you on behalf of the citizens of Boston and the other members of the MWRA Board of Directors.

B. **APPROVAL OF THE MINUTES FROM SEPTEMBER 20, 2007 AND OCTOBER 18, 2007**

A Motion was made **TO APPROVE THE MINUTES FROM THE SEPTEMBER 20, 2007 AND OCTOBER 18, 2007 ADVISORY BOARD MEETINGS.** It was seconded and passed by unanimous vote.

C. **REPORT OF THE EXECUTIVE DIRECTOR**

Joseph Favaloro, MWRA Advisory Board Executive Director, noted that Secretary of Energy and Environmental Affairs Ian Bowles was scheduled to be in attendance at this meeting;

however, the Governor asked the Secretary to attend another meeting in his stead. The Secretary asked Mr. Favaloro to convey his apologies to the Advisory Board members.

Two gubernatorial appointees serving on the MWRA Board of Directors, Lucile Hicks and Rudolph Banks, have tendered their resignations. Former Senator Hicks represented the Merrimack/Sudbury area and Mr. Banks represented the central and western part of the state. These positions serve co-terminus with the Governor.

Mr. Favaloro asked members for input on whether to consider BWSC as another option for Boston meetings, in addition to the State House.

Additionally, Mr. Favaloro asked members if it would be beneficial to the communities if the Authority were to purchase more TV inspection equipment that would be dedicated to community use, along with providing technical training to better equip community staff to utilize the equipment.

D. PRESENTATION: WATER AGENCIES RESPONSE NETWORK (WARN) – David Gilmartin, Director, Emergency Preparedness

David Gilmartin, Director of Emergency Preparedness, stated that he and Marcis Kempe represent the MWRA on the New England Waterworks Association Security and Emergency Planning Committee, which, for the last few months, has been developing a draft mutual aid agreement for communities in Massachusetts. The Boston Water and Sewer Commission voted to accept this agreement yesterday; Springfield and Worcester are also in the process of signing this agreement. The MWRA, as yet, has not accepted the agreement because staff wanted to inform the communities about this agreement first.

The Mutual Aid Agreement will only be exercised in a defined emergency. An emergency is anything that is beyond your community's ability to control, where the community needs help. The signatories can opt out at any time and are not automatically required to provide assistance. For example, in a hurricane situation, a lot of communities are going to have their own problems to deal with and will not be able to provide aid.

Most importantly, the agreement would develop a framework, cataloging all of the equipment and needs that communities have. It will also provide a mechanism for reimbursement if your community sends personnel to another community.

There are also other vehicles; the Environmental Protection Agency (EPA) is pushing the Emergency Mutual Assistance Compact (EMAC), which is an inter-state agreement. If a Massachusetts community sent some personnel to Burlington, Vermont to help in an emergency, the community would need an EMAC agreement to get reimbursed.

The Mutual Aid Agreement would cover all Massachusetts communities, not just in the MWRA service area, and would allow participation in large scale emergencies. A small Board would coordinate and set up a framework with a list of equipment that everybody has and different skills that organizations have, such as licensed operators. Last year a presentation was made before the Advisory Board on pandemic scenarios. If the "Bird flu" comes to pass, a 40% sick rate can be expected among your employees; this agreement could be the vehicle to handle this type of situation.

Additionally, Representative Coughlin has sponsored another piece of legislation in the House that would establish a Public Works Mutual Aid Agreement, which includes water and sewer, the highway department, tree wardens, etc.

Ralph Pecora asked if the MWRA provides community assistance in the way of operations. Mr. Gilmartin said yes, on two levels, MWRA does provide help to its member communities. On many occasions the Authority has sent pumps when people have had flooding. Through a grant that the MWRA received from the Executive Office of Public Safety to provide site characterization services in water contamination scenarios, the Authority will send its emergency service unit out.

Bernie Cooper asked what the timetable is for implementing the program. Mr. Gilmartin said we have already established a leadership committee as part of the New England Waterworks broader security and emergency committee. It could be implemented in several months as long as we can get some communities on board.

Rick Stinson, Wakefield Director of Public Works, offered information about House Bill No. 3180, which Tim Walsh of Westwood has been spearheading. This bill gears itself toward all public works and covers water, wastewater, forestry and highways. The bill includes the New England Waterworks Association, Massachusetts representatives, wastewater representatives, tree wardens' representatives and highway representatives and is not just for emergencies. It covers normal day activities. If you don't have a piece of equipment and you have signed up, you can participate. This bill is structured to assist communities for every day needs and emergencies. Through a grant, a database has been set up as a trial by the Plymouth County Highway Association that shows the equipment and is what would be used moving forward. We are trying to incorporate the entire state and it puts everyone in at once when the bill is first passed and then communities have six months to decide whether to be in it. It is up to your Board, whether it be the Water and Sewer Commission or Selectmen. This bill has been worked on for two years.

Tim Walsh added, by state law, public works are not allowed to enter into municipal agreements without town meeting approval. This bill would let the governing board, mayor or selectmen, decide. There is no waiting to get into the agreement.

E. COMMITTEE REPORTS

Executive Committee – Katherine Haynes Dunphy

❖ PRESENTATION: 2007 ADVISORY BOARD WATER & SEWER RETAIL RATE SURVEY

Matthew Romero stated FY07 assessments from the MWRA to communities had increased by 4.9% over FY06. All of the data and charts within the survey are based on 90,000 gallons or 120 HCF usage per year; this standard has been used for 21 years.

In response to the Executive Committee's comments from last week, staff included a range for members to see from the 61,000 gallons that the MWRA uses in its projections up to the 90,000 gallons that the Advisory Board uses for its document. In the 2006 survey, MWRA community household charges ranged from \$682 to \$1,006. The average MWRA community retail rate increase was 6.3%; retail rates have increased 61% from 1996 through 2006.

This year, MWRA final assessments increased 4.5% for FY08 from FY07. The preliminary average MWRA community household charges ranged from \$727 to \$1,072. The average MWRA community retail rate increase is 6.6%, based on the 90,000 gallons per year, which is

the highest increase seen since 1993. Using the ten-year spectrum, from 1997 to 2007, MWRA retail rates have increased 65%.

Compared to other U.S. cities, Portland, Maine is higher than the MWRA service area and Boston is just below the MWRA. It should be pointed out that last year San Diego and San Francisco were both higher than Boston. Boston inched ahead this time, again the disclaimer being that this is based on 90,000 gallons per year usage. Comparing 90,000 gallons to all of the rates that we received from these communities, that is where the MWRA falls.

Mr. Favaloro noted that the purpose of the water and sewer retail rate survey is to track the increase in retail rates. As the Advisory Board does press, the message of the 2007 Water and Sewer Retail Rate Survey in the MWRA service area is that retail rates went up 6.6%, which constitutes the largest retail rate increase in 13 years.

Mr. Romero reminded the Advisory Board that these figures were preliminary as staff had yet to receive confirmation from the communities with regard to the numbers included in the survey and any necessary updates or edits; however, because the Advisory Board does not meet in December, historically, the presentation on the Rates Survey has been done in November. The Survey was expected to be back from the printer and mailed to recipients in early December.

❖ **LEGISLATIVE UPDATE**

In September staff did a PowerPoint presentation talking about the challenges that were before us; those challenges grow more daunting every day.

First and foremost, staff's objective was to influence House 1, the Governor's Budget, to include increased funding for Debt Service Assistance (DSA). That is a tactic that staff has not utilized in the past because Governor Romney, in the last four years, had not included DSA funding. Staff worked with the House and Senate to get to a DSA number and then to work to override the Governor's veto. However, with a new Administration, there was a new opportunity with a Governor whose first action when he came into office was to restore the 9c cuts that Governor Romney exercised on his way out.

The MWRA Advisory Board gave the only testimony at a public hearing before Administration and Finance (A&F), outlining the forgotten infrastructure, water and sewer. Approximately ten days ago, Advisory Board staff and Chairman Dunphy met with Secretary Leslie Kirwan and her staff to discuss DSA. The Secretary stated that the Governor doesn't believe that an appropriation that goes to the cities and towns assessments through DSA is the best way to provide relief. The Governor would prefer an approach that would direct funds to low and elderly income ratepayers, which is a great concept on paper, but a difficult one to actually achieve. Further, the parties talked about other concepts, including increasing the SRF. Since that meeting, the Advisory Board received an email from A&F asking staff to provide information and alternatives for discussion on the FY09 budget. Staff provided the information in a report last Friday.

Since last Friday, staff has heard that the structural deficit for the FY09 State Budget is \$1.388 billion; in addition, lottery revenues, which provide a direct percent back to the communities for local aid, are some \$200 million off track from the projected numbers.

Subsequently, Advisory Board staff met with the Governor's political staff to stress the importance of DSA. Further, staff has sent a letter and the information report to every chief

elected official in the MWRA service area and asked them to keep DSA on their radar screens to try to get a number in House 1. The best case scenario would likely be \$15 million in House 1 and the worst case scenario would be a dismantling of DSA and the incorporation of some direct funneled program to low and elderly income individuals. The DSA Program and our success is going to rely on the cities and towns picking up the message and making the Governor aware that a relatively short amount of money in the state budget can provide a significant bang in overall water and sewer increases for cities and towns.

Zig Peret asked if the alternate way of providing relief to these people would still be directed toward water and sewer rate relief. Mr. Favaloro said there is a fundamental disconnect; those groups and individuals that you most want to benefit are usually not the ones paying the water and sewer bills. In the report to A&F, staff talked about the Low Income Water and Sewer Assistance Program (LISAWAP) put in effect in 1997 by Senator Warren Tolman. The goal of LISAWAP was to provide direct subsidy to elderly and low income in the entire state of Massachusetts. LISAWAP set aside \$2 million for the first year. As the program was put together, of the 371 cities, towns and districts, only 92 cities, towns and/or districts were eligible for the subsidy. Of the 92 communities, after one year the program distributed \$1.5 million of an appropriation of \$2 million servicing less than 8,000 households. On the retail side, 38 of the MWRA communities currently have a discount program for low and elderly income ratepayers; even within the communities, there is a very small penetration rate as a percent of the overall water and sewer rates. Without DSA, the Authority could be looking at a rate increase of 7 to 9% this year.

Many of the tools available have been utilized such as refinancing in place and restructuring MWRA's debt; those tools for this year are nonexistent.

Finance Committee – Bernard Cooper

❖ **CIP/CEB UPDATE**

Cornelia Potter stated for the first four months of the fiscal year the Authority has reached \$177 million in Current Expense Budget spending, including fully \$100 million just on capital financing expense. Capital financing expense is now twice that of total new capital spending, which came to \$52 million for the first four months of the fiscal year, 22% below the \$67 million budgeted for the period. Half of that \$15 million gap is related to slower accruals for the CSO Program, particularly for North Dorchester Bay. Spending can be expected to catch up as the year progresses and as drilling activity picks up.

The Authority has budgeted \$250 million in capital spending for this fiscal year, including \$160 million in wastewater spending and \$83 million for waterworks projects. Again, spending for the North Dorchester Bay Tunnel eclipses almost all other spending; it is budgeted at nearly \$75 million for this year, which is nearly 30% of the entire capital budget for FY08.

The Authority is moving ahead to prepare the FY09 budgets for both the current and capital programs. The Authority is beginning to hone in on the actual numbers for the capital budget and will be announcing the multi-year capital program and the capital spending cap for FY09-13 at next month's Board meeting.

The uncertainty around the DSA program makes continuing pursuit of a number of tools to moderate projected rate increases essential, especially between now and 2015 which is when the changes to the bond covenants kick in and provide additional resources for easing the projected rate increases after that point.

One of the major areas is continuing or new opportunities for refinancing and restructuring the Authority's debt; however, refinancing opportunities are now more limited because even as the term interest rates have been falling, other rates that come into play in a refinancing transaction have moved in a disadvantageous direction, which shrinks the present value savings that would otherwise have resulted from refinancing existing debt.

The Authority is continuing to explore other opportunities, particularly in reducing energy consumption and increasing self-generation. This past week the Authority issued a notice of intent to advertise for the design and installation of additional steam turbine generator equipment at Deer Island; staff estimates that this project, when complete, will result in annual savings of \$500,000 every year at today's prices. If electricity prices rise, then the value and contribution of the project will be greater.

Operations Committee – Jay Fink

❖ **LEAD AND COPPER RULE COMPLIANCE** – Joshua Das, Project Manager, Public Health
Joshua Das, MWRA Project Manager for Public Health, stated that the results for the latest round of lead and copper sampling are very good. The MWRA system-wide result was 8.2 parts per billion (ppb). Two individual communities (Medford and Milton) were above the action level.

Starting with the next sampling round, communities will need to certify that they have notified the residents of the results of the samples and certifications must be sent to DEP. If a community exceeds the action level, lead education materials must be distributed to more groups, such as WIC and physicians in the community so there will be more outreach with the education.

In general, the trend looks good; MWRA has now passed eight straight rounds of lead sampling. In the last three years, eleven of the past thirteen sampling rounds passed and the results keep getting better with each round.

Andy DeSantis asked if the Authority has any idea why there is such a variance per community from year to year in the results. Mr. Das said the problem is only 15 samples per community are being taken and you only need two to fail. One home could change a faucet, run the water or let it stagnate for a longer period of time; they may use hot water. There are a lot of variables.

Mr. DeSantis asked if the same homes are used every year. Mr. Das said yes; however, residents can change or may vary the routine. When dealing with a small number of homes, sometimes the difference could be using the faucet in the kitchen or bathroom. With this round of sampling, 452 samples were taken and only 16 were above the action level. If we were taking 50 samples from each community, we would likely have more consistent numbers.

F. QUESTIONS AND COMMENTS

G. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:38 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary