

**MWRA ADVISORY BOARD MEETING AND PUBLIC HEARING**  
**MARCH 19, 2009**  
**WELLESLEY FREE LIBRARY**  
**530 WASHINGTON STREET, WELLESLEY, MA – 11:30 A.M.**  
Minutes Approved at the May 21, 2009 Meeting.

Forty-four people were in attendance, including twenty-three voting members: Peter Castanino, BELMONT; John Sullivan, BOSTON; Charles Barry, BROOKLINE; Michael Trotta, CANTON; Andrew DeSantis, CHELSEA; J.R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Edmund Demko, HINGHAM; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Bruce Kenerson, LYNNFIELD; Dana Snow, MARBLEHEAD; Katherine Haynes Dunphy, MILTON; John Cosgrove, NEEDHAM; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Peter Smyrnios, PEABODY; Ted McIntire, READING; Patrick Fasanello, WALPOLE; Walter Woods, WELLESLEY; Bob Angelo, WESTWOOD; Michael Woods, WILMINGTON; Anthony Blazejowski, WOBURN.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; George Burnell, LEXINGTON; William Shaughnessy and Mike Pakstis, WELLESLEY; Rob Antico, WILMINGTON; Mike Cunningham, SEA Consultants; Mike Galli, UCANE; Ed Bretschneider, WAC; Mary Booth, WSCAC; Fred Laskey, Michael Hornbrook, Kathy Soni, Pam Heidell, Dave Whelan, MWRA STAFF; Joe Favaloro, Cornelia Potter, Matthew Romero, Christine Hevelone-Byler and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**ADVISORY BOARD PUBLIC HEARING ON MWRA'S PROPOSED FY10 CURRENT EXPENSE BUDGET**

**ADVISORY BOARD PUBLIC HEARING ON MWRA'S PROPOSED  
FY10 CURRENT EXPENSE BUDGET**

Chairman Katherine Haynes Dunphy called the public hearing to order at 11:33 a.m.

For the record, MWRA Advisory Board Executive Director Joseph Favaloro read the official notice of the public hearing: The MWRA Advisory Board will hold a public meeting and hearing on Thursday, March 19, 2009 at the Wellesley Free Library, 530 Washington Street, Wellesley, MA at 11:30 a.m. After a presentation on the components of the Authority's proposed \$610.5 million FY10 Current Expense Budget, community officials and members of the public will have an opportunity to offer their comments on the budget. The Authority must adopt the proposed budget on or before June 30, 2009, as set forth in Chapter 372 of the Acts of 1984. The Advisory Board is empowered by statute to make comments and recommendations on the proposed budget. Copies can be examined at the offices of the Authority at 100 First Avenue in Charlestown. Written comments received at the office of the MWRA Advisory Board, 11 Beacon Street, Suite 1010, Boston, MA 02108-3020, no later than May 11, 2009, will also be considered.

Chairman Dunphy recessed the public hearing for a ten-minute break at 11:35 a.m.

The public hearing resumed at 11:45 a.m. with a presentation by MWRA Budget Director Kathy Soni. Ms. Soni stated that the Proposed FY2010 Current Expense Budget was presented to the MWRA Board of Directors in February 2009 and was approved for transmittal to the Advisory Board for comments and recommendations. Highlights of the budget were presented at the last Advisory Board meeting.

Because of the downturn in the economic situation, the Governor eliminated \$15 million in MWRA Debt Service Assistance (DSA) mid-year through his 9C powers, which put a strain on the MWRA's budget. Staff developed an amendment after a rigorous budget review. MWRA was fortunate to have some favorable trends develop on line items that were out of its control, such as electricity and diesel pricing, utilities and, on the debt service side, the variable rate interest assumptions.

Staff has taken into consideration savings that can be sustainable going forward and have embedded them into the FY10 budget; however, in FY10, significant debt service principal payments are coming due. Prior to staff taking any actions, there was a \$36 million increase between FY09 and FY10. For the first time, staff has recognized a \$10 million surplus from FY09 by decreasing the debt service budget for FY10.

Historically the Authority has done a good job of controlling Direct Expenses. From a peak of 1,700+ staffing level, the Authority is down to budgeting for personnel of 1,222 by the end of FY10 and is limiting overtime to emergencies. Debt service is 58% of the budget and represents the biggest challenge.

Risks included in the Authority's FY10 budget are the assumption of \$7 million for DSA, which would come from the expansion of the bottle bill, if approved and the \$10 million projected surplus, although staff is confident that it will be available. Other risks embedded in the budget are the exclusion of funds for any kind of regulatory changes, which may happen if a new NPDES permit is issued or a new enterococcus requirement is imposed.

In the next three years the Authority is expecting a \$100 million increase and reserves, such as rate stabilization and bond redemption, are going to run out around FY14, which is going to represent another challenge going forward.

Pension funds have been crippled because of the economic situation. The Other Post-Employment Benefits (OPEB) obligation, which came as a requirement in FY08, requires companies to disclose this liability on their balance sheet. These are mounting expenses that the Authority is going to have to face. Because of the economic situation, staff has been deferring these expenses, but they are not going away, which represents a constant concern for the ten-year horizon. Energy prices and maintenance programs will put pressure on the budget going forward.

Hearing no comments from members or the public, Chairman Dunphy **CLOSED THE PUBLIC HEARING AT 11:53 A.M.** It was seconded and passed by unanimous vote.

### **ADVISORY BOARD MEETING**

#### **A. WELCOME**

Chairman Dunphy called the meeting to order at 11:53 a.m.

#### **B. APPROVAL OF THE MINUTES FROM THE JANUARY 15, 2009 AND FEBRUARY 19, 2009 ADVISORY BOARD MEETINGS**

A Motion was made **TO APPROVE THE MINUTES FROM THE JANUARY 15, 2009 AND FEBRUARY 19, 2009 ADVISORY BOARD MEETINGS.** It was seconded and passed by unanimous vote.

#### **C. REPORT OF THE EXECUTIVE DIRECTOR**

MWRA Advisory Board Executive Director Joseph Favalaro said Andrew Pappastergion's three-year term as a member of the MWRA Board of Directors expires on June 30, 2009. The Executive Committee will act as the Nominating Committee at its May 15, 2009 meeting and a vote of the full Advisory Board will be held at the May 21, 2009 meeting in Lexington. Any and all who are interested can put their name in for consideration. Mr. Pappastergion does plan to seek re-election as well.

The Commonwealth and advocates have been pushing for the inclusion of smart growth language as part of the MWRA's System Expansion Policy. In response to the Town of Reading's drawn-out efforts to

come into the system, the Authority has aggressively worked to develop a streamlined process that would allow for an integrated regulatory review that happens at the same time and not one that lingers over a long period of time. The Commonwealth has taken the opportunity to try to insert smart growth determination and enforcement into the Authority's System Expansion Policy. It has been a lively discussion at the staff level between the state and the Authority and also at the Board level. The Advisory Board has sent a letter to Secretary Bowles and Mr. Laskey noting that since the Advisory Board has a statutory role in system expansion, it, therefore, should be participatory in these discussions as well.

Chairman Dunphy added that she believes it would be a valuable resource for all parties to have the Advisory Board included in discussions of any changes in the System Expansion Policy. If MWRA is involved with being heavy-handed with communities, it would not serve the communities well.

Mr. Favaloro noted that it has not been the Authority staff's desire to get involved with smart growth; it is something that is being pushed by the state.

Fred Laskey said staff has been trying to get some streamlining of the permitting process for new communities to join the system. The MWRA has a healthy amount of water that is being wasted over the dam while it is surrounded by communities that have water shortages and river basins that are stressed. It makes sense to streamline the process so it doesn't take five years or legislators to start legislation moving to exempt a community from that process.

Staff has begun discussions on changes in the downstream releases and other environmental benefits. The final piece that has come into play is whether the Authority should be incorporating smart growth principles into its admissions policies. Some progress has been made on streamlining with some initiatives for downstream releases and environmental improvements. On smart growth principles, staff's position is that they know the water and wastewater business, but not transportation or zoning. The hope is to ease toward some middle ground with some reasonable smart growth principles that could be incorporated into the criteria for admission without the MWRA becoming the zoning enforcement arm or having to hire zoning experts. The Executive Office wants more detailed and thorough smart growth language, while the Authority wants more general language. Authority staff believes the MEPA process would be more conducive to smart growth principles.

Mr. Laskey asked Chairman Dunphy if she would participate in the discussions or delegate it to staff. Chairman Dunphy said she would participate and would want staff to participate as well. This is pushing MWRA beyond its role to the detriment of our water supply and our water quality. Mr. Laskey said our membership is diverse. Somerville has smart growth principles. How does that match with a suburban community in MetroWest that has a lot of developable land? How do you have one cookie cutter? That is why the Authority has been pushing for general language. Some members of the Board believe that the solution should be a reward or an incentive for communities to adopt these smart growth principles.

**D. PRESENTATION: CHALLENGES OF NEW "FLAGGER REGULATIONS" ON MWRA OPERATIONS** – Michael Hornbrook, MWRA Chief Operating Officer

MWRA Chief Operating Officer Michael Hornbrook stated an Executive Order was instituted last year allowing the use of flaggers on public works projects. These regulations went into effect in October 2008, applying to all public works projects with two exemptions; municipalities are exempt if flagger use is inconsistent with their local ordinances or bylaws or if a community has a collective bargaining agreement that use of flaggers would be inconsistent. Most municipalities are not covered under these regulations, nor are private utilities. The regulation impacts state agencies and authorities on a primary basis, such as the Massachusetts Highway Department, the Department of Conservation and Recreation and the Massachusetts Water Resources Authority. Of those three state agencies, MWRA is the only one that does not own or control the roads it is working on.

It impacts MWRA in two ways: 1) construction projects where the contractors hire police details and 2) daily operation and maintenance activities. MWRA has more than 5,300 potential worksites (manholes) that are covered by this new regulation.

In response to this new regulation, MWRA has purchased additional equipment (signs, cones, safety vests, protective wear and uniforms). There were no certified flaggers in Massachusetts when this regulation went into effect in October. MWRA developed a training program for its employees for use on daily operations and maintenance. More than 100 MWRA staff are now certified as flaggers. MWRA is the first entity to be certified by the Massachusetts Highway Department for flagger training.

The biggest component of the new regulation is that the Authority must prepare Construction Zone Safety Plans for all work on public roads. If the project is not out for bid and is not in formal design by a consultant, a basic template from Mass. Highway can be modified or the safety plans can be custom made for individual intersections. Every time staff needs to pop a manhole, a Construction Zone Safety Plan is required.

Once the Safety Plans are prepared for each site or manhole, the Authority will have them on its database and they can be used again. The Safety Plans include any temporary control devices that are put out in the street (cones, barrels, signs); they must show the distances between the signs in the construction zone, the distances where the lanes are tapered and how far out the work is. Traffic volume must be considered. Are there sensitive areas such as schools, MBTA stations, hospitals or playgrounds? The Construction Zone Safety Plan determines if a flagger or a police detail is necessary. The Plan must show the number of flaggers and where they will be located.

After the Construction Zone Safety Plans are prepared, the Authority is required by the regulations to consult with the local law enforcement department (police) on the safety plan. They police can agree, disagree, or make no comment. In some cases where no comment was received, MWRA has gone ahead with the work. Further, MWRA is required to have daily contact with the police beginning the morning before a project to notify them that staff will be out there. On jobs that are designed by a consultant, a pre-construction conference is required. Getting through the local law enforcement component requires extensive time because many times it takes weeks to get the right contact name, then the Plan is submitted and on numerous occasions there is no feedback or staff is told that the plan is not sufficient and staff must make the revisions.

Staff has already prepared several hundred site specific Construction Zone Safety Plans and has had general meetings with law enforcement management and union representatives to explain the regulation, as MWRA understands it and to show them the manholes and worksites.

In summary, since October, in addition to the training and the meetings with local law enforcement, the Authority has been out to 28 communities and 80 different sites. At 74 of those sites, staff was able to use traffic devices only. Flaggers were used at five sites in different communities and a police detail was used at one site for safety reasons. Police have stopped work at three sites via protests. The local police have disapproved or disagreed with sixteen of MWRA's Construction Zone Safety Plans. Staff is awaiting police consultation at five different sites. Police details have been avoided at 27 sites out of 80 where previously police details would have been used.

Staff has been taken from other jobs, such as buildings and grounds, to be flaggers, which has impacted some maintenance activities. A lot of the MWRA's meters and valves are located in streets and many of them in intersections; Construction Zone Safety Plans have had to be developed and submitted to law enforcement to be able to get to these job sites. The process is time consuming and has affected meter maintenance. MWRA is estimating more data than it would like on the meters and is not exercising as many valves as it would like.

In the year-to-date budget, Operations and Maintenance shows a \$49,000 reduction in police details; however, that is not because police details at 27 sites have been avoided, it is a combination of that and simply that the MWRA has been delayed in getting out to these sites.

As of February 11, there is only one firm, that the Authority is aware of, that is providing flaggers for construction jobs. The firm, out of New Hampshire, gave the Authority a quote of \$52.47 per hour for flaggers for Zone 1 in Boston; it is a prevailing wage. After eight hours per day or for night work, they want time and one-half. Three other firms provide flagger-certified training in Massachusetts.

When details are necessary, the police departments have been in a negotiating mood. Before the regulation, local police chiefs would tell the Authority how many officers were needed and where and how long they were needed. With the new flagger regulation, we have been able to negotiate the use of police details. For example, the North Dorchester Bay Project has a force main going down East Broadway in South Boston. Cars will need to be towed on both sides of the road, which only the police can do. After an extensive negotiation with law enforcement, it was decided that one officer will be used as the project goes up East Broadway, in front of the construction. When an intersection is reached, another officer will be added. As we get through the intersection, it will move back down to one officer. Normally that would have been three officers plus a supervisor. Staff estimates a savings of about \$130,000.

By regulation, there are areas where police details are still necessary, including roads over 45 miles per hour. Under the Mass. Highway guidelines, intersections, particularly signalized intersections in an urban area, need police details. Site-specific areas – limited road widths, curves, schools with pick up/drop off areas and hospitals – require police details. The Authority's goal is to try to minimize that use but also recognizing that there are still sites that it makes sense to have a police officer there.

To date, because the private utilities and municipalities are not impacted by the regulation, the MWRA has been out there on its own implementing this regulation. Staff is now eagerly awaiting Mass. Highway to join, using flaggers for its springtime construction.

Startup costs have limited the Authority's initial savings; in the long term, those savings should increase.

Jay Fink asked if there are any municipalities that have hit a logjam where staff is not getting anywhere with police and haven't been able to do any work. Mr. Hornbrook said there are a couple of communities that have been more problematic than others, yes.

Mr. Fink said if it is causing a delay and more costs, it is eventually going to come back and cost the communities. Instead of dealing with the police, if staff were to explain that to a mayor or selectman, it may initiate some discussion with the police chief. The police may look at the MWRA as a National Grid or a utility with deep pockets. Mr. Hornbrook said there are so many sites that when staff hits a roadblock, there are plenty of other sites to go to. The regulation says the awarding authority has the authority to make the final determination; the regulation also says if the police still require a detail and the MWRA disagrees, the police pay for it.

John Carroll asked what MWRA's flaggers would be doing if they weren't flagging. Mr. Hornbrook said on O & M jobs where our own flaggers are used, buildings and grounds staff have been trained and certified as flaggers. In the winter they are more available but there will be a little less buildings and grounds being worked on because they are being used as flaggers.

Mr. Carroll asked if these costs have been analyzed. In the long run, keeping those people there will cost the MWRA more money because those people would be doing something else. Mr. Hornbrook said it has cost significant money to implement the program but in the long run staff is hopeful to see more cost savings. Mr. Laskey added that it is deferred maintenance; instead of sending two crews out, we would send one and take the crew from one and put it with the other to hold the flags. The result is that there is work not being done that is going to catch up to the Authority at some point.

Mr. Carroll said the Board should be getting a report from staff that can be presented to the Legislature at some point in time. It's not saving anybody anything; it's causing a lot of consternation and delay in work. The Globe ran a story that this regulation has saved \$12,000 so far statewide, which the Authority's experience seems to contradict. Mr. Hornbrook said there has been a cost to implement the program and in reassigning staff. The area where the cost savings will occur is in using less police details. In some cases, cones and flags have been used so those areas result in a cost savings. Mr. Laskey said it cuts both ways; in areas where our crews could just pop in and take a meter reading and pop out, the police have been stopping to tell us that we need a police detail. Further, it is clear that the police departments are comparing notes from community to community because they have been providing us with carefully worded statements that say our staff is endangering the public, etc.

Mr. Carroll said people think of the cop as making \$40 to \$45 an hour and a flagger making \$15 an hour. It is the prevailing wage law that causes these flaggers to end up getting \$50 an hour. Mr. Hornbrook said the prevailing wage for zone one was \$32 and the provider added his own overhead and markup to get it up to the \$52. Mr. Laskey said the MWRA does not make the rules, but does play by the rules.

Mr. Favaloro said the Authority deserves a lot of credit for getting the program started; the flip side is that no one else is moving toward this kind of program. The Authority is trying to accomplish the administration's desires. It is problematic when meters and valves are not being maintained. The communities have to write a check that is based on flow; if they are not getting proper reads on the meters, the communities are taking the hit. Mr. Hornbrook said everyone complained about the cost of police details. In the implementation of this program, there are some improvements that can be made. If the use of flaggers is done correctly, in the long run there is cost savings for the ratepayers.

Mr. Favaloro asked what is going to change that is all of a sudden going to make meter maintenance work easier to get done if there is possibly going to be further entrenchment by the police. Perhaps that critical work should be exempted. Mr. Hornbrook agreed and stated that he has a list of sites where police details will be used. In the long term, building up the Safety Plan database and having more of these plans approved can increase the savings.

George Burnell of Lexington said changing this culture is going to take a decade and somebody has got to be first. Show some leadership and you will see improvements year by year. Mr. Laskey said staff has seen a change in attitude. Police details are out of the car and managing traffic; the idea that we need three, four and five officers at one site seems to have waned. Staff hopes to get to a steady state.

John Cosgrove said the Authority is being naive to think that police unions are going to stand for any dramatic change. Mr. Laskey said MWRA is bound to obey this state regulation.

Matt Romero asked if capital projects are being impacted by this right now. Mr. Hornbrook said any capital project in the streets needs a Construction Zone Safety Plan developed and it will need police approval. Construction projects that were already in effect before October have been grandfathered and will have police details.

## **E. COMMITTEE REPORTS**

**Operations Committee** – Jay Fink

### **❖ ACTION ITEM: APPLICATION OF THE TOWN OF WILMINGTON TO BECOME A MEMBER OF THE MWRA WATERWORKS SYSTEM / TOWN OF WILMINGTON'S REQUEST FOR A SIX-MONTH EMERGENCY WATER SUPPLY CONNECTION**

Chairman Dunphy stated that the Executive Committee and Operations Committee have met and considered the dual application for the Town of Wilmington to become a member of the MWRA water system and a six-month emergency supply, should town meeting fail to act in May; both Committees support Wilmington's request.

Michael Woods, Superintendent of Water and Sewer for the Town of Wilmington, stated that this is the seventh year he has been before the Advisory Board asking for water under MWRA Policy OP.05 and are doing so this year only if the Town is unsuccessful in joining the MWRA.

SEA Consultant Michael Cunningham said his firm has been assisting the Town of Wilmington, starting with a long-term Water Resources Management Plan through their Inter-Basin Transfer Act application process to this current MWRA full-time membership application. In 2003, a previously unknown contaminate was detected in the town's aquifer that contains five of its nine wells. The Department of Environmental Protection (DEP) ordered those wells to be taken offline indefinitely; initial investigations into potential treatment options have been deemed uncertain and relatively unknown so DEP has concurred that the wells should stay offline for the foreseeable future, rendering half of their water supply unusable. At that time, in 2003, the Town applied for and was granted OP.05 emergency withdrawals from the MWRA water system and has obtained one in every consecutive summer since 2003.

SEA Consultants began investigating potential supply sources to replace that lost supply, reviewing in-town options, neighboring communities and the MWRA. MWRA was the only reliable water supply of adequate quality and quantity to meet Wilmington's needs and was the primary recommendation of the Water Resources Management Plan, completed in 2006.

Long-term water supply projections determined that the water supply deficit for Wilmington by the year 2025 were a total of 1.7 MGD on an average daily basis and 3.25 MGD on Wilmington's day of peak demand, which were the amounts pursued through the Inter-Basin Transfer Act application. The Water Resources Commission granted approval for obtaining that amount of supply as an Inter-Basin transfer in 2007. Since the completion of the Comprehensive Water Resource Plan, the Town has been diligently rehabilitating its wells to maximize its local active usable supply. Further, water demands are not quite where the conservative assumptions have shown them to be. Due to economic factors, commercial and industrial use has not increased at the rate projected and the Town's extensive demand management and conservation practices have kept residential demand flat-lined or lower.

The Town is going forward in seeking 0.6 MGD on an average daily basis from the MWRA for a total of 219 million gallons per year to supply their current needs; they are seeking the ability to come back to the MWRA in the future as their needs change and renegotiate the contract with MWRA to obtain more water in the future up to their permanent limits within the Inter-Basin Transfer Act approval.

A Motion was made to approve the following two Motions: **Whereas the Town of Wilmington meets the admission criteria set forth in MWRA Policy # OP.10: 'Admission of New Community to Waterworks System' including but not limited to the safe yield of the watershed system, on the advice of the Department of Conservation and Recreation, is sufficient; that no existing or potential water supply source for the community has been abandoned, unless the Department of Environmental Protection (DEP) has declared that the source is unfit for drinking and cannot be economically restored for drinking purposes; effective demand management measures have been implemented; adoption of a water management plan; and, the proposed expansion provides for no negative impact on the interests of the current user communities, water quality, the interests of the watershed communities and achieves economic benefit for existing user communities.**

**Therefore, the MWRA Advisory Board recommends the application of the Town of Wilmington to become a member of the MWRA water distribution system be approved subject to the following conditions:**

- 1. Wilmington must obtain Town Meeting Approval and Legislative and Gubernatorial approval prior to admission.**

2. **Wilmington must continue to protect and maintain all local sources of supply, unless the Department of Environmental Protection (DEP) has declared that the source is unfit for drinking and cannot be economically restored for drinking purposes.**
3. **Wilmington will continue to maintain all reasonable conservation measures, abide by all applicable conditions as stipulated within the Water Resources Commission approval of Wilmington's request under the Inter-Basin Transfer Act to join the MWRA Waterworks System and abide by MWRA regulations for leak detection.**
4. **Payment of an entrance fee will be made to the MWRA consistent with MWRA policies and procedures in the amount of an estimated \$2,809,320, broken out as follows: a net entrance fee of \$3,126,210 minus total net asset value contributions of \$316,890 previously paid pursuant to MWRA Policy # OP.05.**
5. **Usage will be capped at 219 million gallons annually or 0.6 MGD from MWRA but may in the future request an additional volume of 401.5 million gallons.**
6. **That Wilmington and the MWRA develop an enforceable water supply agreement stipulating appropriate terms and conditions of service.**
7. **Upon the acceptance of the Town of Wilmington application to join the MWRA Waterworks System by the MWRA Advisory Board and the MWRA Board of Directors, Wilmington will be eligible for funding through the Local Pipeline Assistance Program. Wilmington is qualified for program funds based on 1) said community's percentage of MWRA water use as a portion of total community use; 2) proportional share of total MWRA community based unlined pipe; and 3) prorating available funds to the number of years remaining in the program. The provision of interest-free loans through the Local Pipeline Assistance Program shall be in addition to the \$250 million currently allocated within the MWRA Capital Improvement Program. Existing community allocation levels will remain unchanged. The MWRA staff summary seeking approval for Wilmington to join the MWRA Waterworks system shall include a separate section that establishes the level of funding Wilmington will be eligible for under the Local Pipeline Assistance Program.**

Further, **Subject to a DEP Declaration of State Water Supply Emergency and MWRA Board of Directors approval, to allow the Town of Wilmington (Wilmington) to activate a direct connection to the MWRA Waterworks System for a six-month period, with a start date of May 3, 2009. Wilmington may withdraw water from MWRA at a rate of up to 1.2 MGD for the duration of the emergency without further notification to MWRA. Wilmington will abide by the rules stipulated under MWRA Emergency Water Supply Withdrawals (Policy #OP.05), including payment of a 130% surcharge of the MWRA's prevailing rate plus 130% of the annual payment associated with the asset value contribution payment (entrance fee equivalent) amortized with interest over 15 years. Premium charges and asset value contribution are triggered when water is transferred from the MWRA to Wilmington.** The Motions were seconded and passed by unanimous vote.

**❖ DEP PROPOSAL FOR A WATER METER GRANT PROGRAM**

Mr. Favaloro said DEP has initiated discussion with the Authority regarding a preliminary plan to provide MWRA with \$10 million for a potential Water Meter Modernization Grant Program. It may be helpful to bring the Operations Committee together to talk through how it could be most fairly, judiciously and effectively used for the water communities of the MWRA to get the maximum bang for the buck should the funding come through. Should we be doing residential meters or do we get more bang by doing large meters? Should we be doing right sizing? How do we distribute the funds? Those are the types of questions that were asked at the Board level. The Advisory Board's members have great expertise on these issues and should weigh in on the topic.

Mr. Fink asked for the current status of the community water master meters. Mr. Hornbrook said a lot of the larger meters are Venturi meters, which are calibrated and verified on a constant basis. They are accurate because there are not a lot of moving parts. Mr. Fink asked if the Venturi meter is the best technology for the larger meters. Mr. Hornbrook said staff believes the Venturi meter is more accurate and the most reliable.

Mr. Hornbrook noted again that these are preliminary discussions. If this goes forward, DEP will require communities that use these funds to go to at least a bi-monthly billing. Retail customers bills will be sent out on a frequent basis, making it a conservation practice because people will take measures to conserve water if they realize there could be a cost savings.

Chairman Dunphy said this deserves more attention and it would be useful for the Advisory Board to hold an Operations Committee meeting to discuss the issues.

**Finance Committee** – Bernard Cooper

❖ **EMERGING ADVISORY BOARD BUDGET REVIEW PROCESS**

Matthew Romero said the Advisory Board has moved forward with an integrated review process combining its Comments and Recommendations on the MWRA's Proposed Current Expense Budget (CEB) and Capital Improvement Program (CIP) that addresses both budgets.

Staff wants to stress that there would not be any less of a review. There will be an overview of the major components of the CIP and CEB to set the tone and talk about the challenges facing the Authority, which are many at this point. All the graphics will be there. In some cases, the CEB and CIP graphics will be incorporated to highlight those integrations and overlaps between the two.

Staff plans to enhance the appendices to include information that would typically be seen as text so that it doesn't interfere with the overall message that staff is trying to convey.

With the traditional approach, elements of the CIP such as CSOs and the capital spending cap and elements of the CEB such as Wages and Salaries, OPEB and Pension are discussed. With the new approach, these elements will still be discussed, but the integrated approach will focus on those areas of overlap as well as things like the relationship of capital spending to debt service. When the capital program is cut, what is the resulting impact upon debt service moving forward? An example is the pellet plant; there are a couple of capital projects dealing with the pellet plant but decisions that are made and how it moves forward will effect the CEB costs if the amount of pellets produced is reduced; that has a direct correlation on the costs on the CEB. Emerging technologies may also provide some cost savings or green credits moving forward.

Alternative energy programs that will hopefully be eligible for stimulus dollars will impact utility usage moving forward. Less demand will impact the CEB.

The economic landscape will be featured in the document. The Authority handed in a tight budget this year. The usual spots that Advisory Board staff goes to cut dollars to try to benefit the ratepayers have already been utilized by the Authority. Tough decisions will need to be made. There is not only a short-term problem between FY10 to FY12 (in that timeframe, debt service increases by \$100 million) but it is also a long-term problem until at least FY22 when debt service will peak and begin a downward descent.

Staff is cognizant that there is not just one solution. There is no \$10 million line item to go to for cuts. There will have to be a combination of a lot of different approaches in order to tighten up the budget and provide savings for the ratepayers.

Two basic objectives are to reduce the rate revenue requirement by "x" amount of dollars and reduce the current CIP spending cap by "y" % as well. As the review continues, staff will be able to provide dollar and percent amounts to reach this goal.

**Executive Committee** – Katherine Haynes Dunphy

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro stated that MWRA and Advisory Board staffs have met with leadership on the House side and have begun meeting with leadership on the Senate side. The one message coming through loud and clear is that it does not look good in FY10 for Debt Service Assistance/Bottle Bill. Staff's principal goal is to get DSA; a new and valuable tool in achieving that is the Bottle Bill.

Staff is appreciative that the Governor embraced the Bottle Bill concept, providing the MWRA with a piece of those revenues. With all the discussion of a 10 to 20 cent increase in the gas tax or other different components of taxation, the House and the Senate have said clearly that it may be difficult to add an increased fee onto water bottles. How much tolerance is there for additional levels of taxation? It doesn't look promising that a Bottle Bill component will be included in either the House or the Senate.

The Governor's Budget did not seem to include \$500,000 for Clinton. The new Public Affairs Director for the Authority, Michael Morris, has talked to the Administration. They believe the funds are in the budget but that they have been consolidated. Staff's goal is to ensure that funds for Clinton are included in the House and the Senate versions via corresponding language; it is critical to get earmark legislation for \$500,000 for Clinton.

❖ **STATUS: ODOR CONTROL FACILITY**

Mr. Favaloro said since the early fall, there has been discussion regarding the Odor Control Facility that is part of the North Dorchester Bay Project. The facility was planned to be an above-ground facility; however, an abutter, Corcoran Jennison Companies, wanted the Authority to move it underground. The Authority significantly resisted, as did the Advisory Board, having meetings with legislators, Mr. Corcoran and the judge got involved as well.

At the last MWRA Board of Directors meeting, the issue was resurrected in Executive Session, and the Board voted 7 to 3 to begin the design process to put the facility underground. The Advisory Board's three Board members were opposed.

Since that time, there has been ongoing discussion on how those costs could be mitigated, be it by the Commonwealth of Massachusetts, stimulus monies from the federal government or other ways to keep the Authority whole and then some.

Chairman Dunphy commended the three Advisory Board representatives for standing firm on behalf of the ratepayers.

Mr. Favaloro said to be fair, the Authority worked hard to ensure that the facility stayed above ground; we all fought the battle but it didn't come out with a positive end result.

Ed Bretschneider asked for an explanation of the rationale for this vote; at the last meeting, the vote had gone the other way. Mr. Favaloro said he would defer to Mr. Laskey because the vote was taken in Executive Session. Mr. Laskey said seven members of the Board of Directors felt that this was an important economic development project in a bad economy in an important part of South Boston and Dorchester and voted to put it underground. Board Member Joseph Foti reiterated that he strongly felt that the facility being placed underground should not be the responsibility of ratepayers.

**F. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:16 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary