MWRA ADVISORY BOARD MEETING
NOVEMBER 19, 2009
KNIGHTS OF COLUMBUS (REAR ENTRANCE)
177 BEDFORD STREET, LEXINGTON, MA 02420 – 11:30 A.M.
Minutes Approved at the January 21, 2010 Meeting

Forty-four people were in attendance, including twenty-five voting members: John Bean, ARLINGTON; Richard Warrington, BEDFORD; Peter Castanino, BELMONT; John Sullivan, BOSTON; Ed Sullivan, CANTON; J.R. Greene, GUBERNATORIAL APPOINTEE; Ed Demko, HINGHAM; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Bruce Kenerson, LYNNFIELD; Doran Crouse, MARLBOROUGH; Katherine Haynes Dunphy, MILTON; Wiff Peterson, NATICK; John Cosgrove, NEEDHAM; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Peter Smyrnios, PEABODY; Jeff Zager, READING; Carol Antonelli, SOMERVILLE; John DeAmicis, STONEHAM; Michael Collins, WAKEFIELD; Walter Woods, WELLESLEY; Bob Angelo, WESTWOOD; Zig Peret, WILBRAHAM; Anthony Blazejowski, WOBURN.

Also present: John Carroll and Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Michael Bishop, BELMONT; Joe Welch, MHA; Phil Jasset, UCANE; Ed Bretschneider, WAC; Lexi Dewey, WSCAC; Mike Hornbrook, Rachel Madden, Kathy Soni, Dave Whelan, Andrea Rex, Pam Heidell and Rob Belkin, MWRA STAFF; Joe Favaloro, Cornelia Potter, Matthew Romero, Christine Hevelone-Byler and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. WELCOME
Chairman Dunphy called the meeting to order at 11:37 a.m. and welcomed everyone to Lexington.

B. APPROVAL OF THE MINUTES FROM THE SEPTEMBER 17, 2009 ADVISORY BOARD MEETING
After a correction to the minutes was noted, a Motion was made **TO APPROVE THE MINUTES FROM THE SEPTEMBER 17, 2009 ADVISORY BOARD MEETING.** It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR
MWRA Advisory Board Executive Director Joseph Favaloro stated that staff is considering a new location for the January 21 State House meeting. The new location will be the Muster Room at the MWRA facility in Chelsea, which is a large room with ample parking.

Additionally, the April 2010 meeting in Lexington has tentatively been moved from the Knights of Columbus to Cary Hall, which is adjacent to Town Hall. Sometimes it is easy to get a room and others it is difficult. Advisory Board staff acknowledged the efforts of Bill Hadley of Lexington in getting the room for the current meeting and bringing the rate for the room down to zero from an exorbitant amount.

The new Administrator of the Environmental Protection Agency (EPA) is H. Curtis "Curt" Spalding, who comes to EPA after having served as the Executive Director of Save the Bay in Rhode Island. Prior to that he worked for EPA; he was an intern and had other positions within the Boston office and the Washington DC office as well.

Further, there has been a talk that a draft NPDES permit is in the works.

With all the cuts in the state budget, DEP and DCR have been substantially impacted with significant losses in their budgets. Secretary Bowles has put together a series of hearings to discuss ways to get things done with fewer resources. Today there is a hearing on reorganization and consolidation of government, at which Mr. Favaloro said he will testify in favor of strengthening the Water Supply Protection Trust, which is made up of five members, two appointed by the Legislature, the Secretary of Environmental Affairs, the Executive Director of the MWRA and the Chairman of the MWRA Advisory Board. Staff will talk about the opportunities for efficiencies between DCR and MWRA.

Though the Division of Water Supply Protection's (DWSP) budget is insulated because MWRA provides all of the resources, it has become more difficult for DWSP to maintain its responsibilities because of a second round of furloughs for DCR staff. There will be more layoffs within DCR, though at this point none of the watershed staff has been laid off. Under the bidding and bumping of union rules, however, DWSP staff could be impacted by someone bidding into a position of someone that has already been established at DWSP. It has begun to get harder for procurement and hiring purposes and other layers that are important for smooth operations.

D. PRESENTATION: GETTING TO A $0 RATE REVENUE REQUIREMENT INCREASE FOR FY11

Chairman Dunphy said a number of communities are running into problems. Water use is down substantially; that is good for the environment but it is hard for managing water systems. The Town of Canton is looking at a mid-year rate increase in addition to a rate increase that was recently voted. The problems for communities next year are very real.

Senior Finance and Policy Analyst Matthew Romero stated that the Advisory Board sent a letter to the MWRA Board of Directors and the MWRA recommending a $0 rate revenue requirement increase for FY11.

Building off of the toolbox that the Advisory Board provided in last year's review, staff offered some possible options to get to that $0. As a starting point, staff used the final FY10 budget and planning projections for FY11 and FY12, which are the target years of this recommendation.

Staff proposed one scenario that got to a $0 rate revenue requirement increase in FY11 and a 4.99% increase for FY12.

Tools utilized began with the prior year's surplus, reflecting the June 2009 $10 million defeasance that the Authority used to advance pay some of its debt to benefit FY10. That $10 million was part of the surplus that the MWRA had from last year.

Advisory Board staff projects a surplus of $19.4 million from FY10 that can be spread between FY11 and FY12.

In FY12, staff assumed a 2% under-spending on Direct Expenses in FY11; the Authority typically manages its entire budget to at least 2% under and the Advisory Board only used Direct Expenses because they are sometimes more controllable.

In FY10, the Authority budgeted its pension expense according to the actuarial study, as well as $2.8 million above that amount to compensate for some of the loss of their investment because of the market dislocation. Advisory Board staff's recommendation is to take that $2.8 million out of the pension expense and pay just the recommended amount from the actuarial study.

In FY11 and FY12, in this particular scenario, staff recommends that the Authority pay the current year's liability plus a nominal amount above that. The pension is currently funded at 74%; MWRA has to make up the remainder of that to get to full funding. There is a problem with using the actuarial study as is because pension reform is coming. It is an unsustainable system as it is and dramatic changes to the pension system will come with this reform.

Another option is to shift the schedule to match the Commonwealth. The Authority is now planning to be fully funded by 2024. The Commonwealth currently allows communities and public entities to be fully funded by 2030; however, recently the Administration has considered shifting that schedule out to 2040 because they also have a massive problem with pension expense in the next couple of years. Spreading it out to 2040 will dramatically alter what the Authority has to pay in the next couple of years and that is something the Authority should think about taking advantage of as well. This would provide a $2.7 million reduction in FY11 and a $4.4 million reduction in FY12.

In FY10, there was a fringe benefits trade off with the Other Post Employment Benefits (OPEB) line item. The legislature was going to change the amount of employee contributions for fringe benefits and if that came to fruition then the Authority could reduce its fringe line item and put that differential into the OPEB line item. That change did come; why are they going to throw $800,000 into that line item? At least the Authority should reduce that from FY10. In FY11 and FY12, staff recommends that the MWRA take out the 2007 actuarial study numbers. Similar to the pension, MWRA has an actuarial study that tells them what its liability is and what it would take to get to full funding of that liability. These amounts are still put into the planning projections of the out years and the Advisory Board's argument is that the MWRA should not be funding OPEB at this time. This is something that all public entities are struggling with; it is something that no one can afford, especially given the current economic environment. Cities and towns are struggling right now; MWRA should not consider putting $10.2 million and more into this line item moving forward in the next few years.

In this scenario, there is an $8.4 million reduction in variable rate debt. The Authority currently has budgeted a 3.5% interest rate assumption for FY10. In FY11 and FY12, MWRA has a 4% interest rate assumption; that assumption is extended all the way out through the end of its planning projections. Current rates are hovering at about 1%. Through October 2009, the Authority is $5.7 million under in this line item. Staff recommends a reduction of 150 basis points from FY10, reducing that 3.5% down to 2%; for FY11 and FY12, staff recommends a reduction of 100 basis points, from a 4% interest rate assumption down to a 3% interest rate assumption.

In FY10, MWRA has $2.5 million and $2 million for FY11 and FY12 for the Local Pipeline Assistance Program (LPAP). This is basically the same principle as variable rate debt. As interest rates are hovering near historic lows, staff can anticipate underspending in FY10 and also think about reducing the assumptions for FY11 and FY12.

Staff reduced cash for capital by $1.5 million, suggesting that the Authority adjust its coverage requirement and not over-recover for that expense as it moves forward. This is the amount of current revenue that the Authority spends on the capital program rather than borrowing for it.

Direct Expenses assumes a 2% underspending of $4.2 million in FY10. Again, as noted before, the Authority does have a historical trend of underspending by about 2%. Through October 2009, the Authority is $3.8 million underspent, much of that due to timing of certain expenses such as maintenance that will catch up later.

The Authority has currently set a year-end target for staffing of 1,216, which it has met by the end of the first quarter. There will definitely be some underspending in the Wages and Salaries line item and correspondingly on the fringe benefits expense as well.

In FY11, staff lowered the inflation rate from 4% to 1.7%, using the number that the Authority's budget department had their departments build their budgets around. For FY12, staff lowered the inflation rate assumption from 4% to 2.5%.

Negative impacts include potential additions or "add backs" into the budget. DSA was 9Cd out of the state budget by the Governor and is not anticipated to be back in the next couple of years. Staff removed $0.7 million for DSA from the Authority's planning projections for the two years FY11 and FY12.

Staff reduced investment income in the Authority's planning projections by $0.8 million.

Staff didn't remove the Clinton Wastewater Treatment funds from its projections because it is not a dead issue. That money will be received, either from the Town of Clinton directly or from the Commonwealth.

Original projections for FY12 were at $635.7 million; Advisory Board staff was able to keep that rate revenue requirement increase under $600 million. The new FY12 rate revenue requirement is almost $7 million less than the original projections were for FY11. The rate revenue increase is less than 5% over the next two years under this scenario. Again, staff emphasized that this is only one scenario. There are several tools that staff listed and different assumptions can be made. Advisory Board staff limited reductions to Direct and Indirect Expenses; the Authority can review individual line items in more detail.

Other and future tools include the release of the Lehman funds. MWRA has $2.1 million that currently remains in an escrow account until a determination can be made if those funds belong to the Authority. At some point when the legality of possession is determined, that $2.1 million may be available for use in FY11 or FY12.

The LPAP has historically been $1 to $3 million underspent in each of the last three years. Because of the economic climate, there may actually be more underspending in the current year that could also be used to defease debt in the future.

A further reduction in variable rate debt can be made. Staff took 150 basis points off. If interest rates remain in the 1% range for the rest of the current fiscal year, the surplus in that line item could be up to $14.4 million. (Every 25 basis points equals $1.4 million.)

Selling 1 MGD more of water could provide a one-time $5 million entrance fee. In the next couple of years, the SouthField development may be ready to join the system.

DSA can only go up from zero. At some point there could be the potential for DSA.

The Authority has done a wonderful job of looking for refunding and restructuring opportunities. MWRA staff doesn't see any opportunities at this time but are always watchful for opportunities. Advisory Board staff believes there may be an opportunity to renegotiate the structure of the Harbor Electric Energy Company cable to refinance for some savings in the next couple of years.

Additional reserves of $138 million related to changes in the bond covenants are projected to be released in FY14 that will be able to help in the out years.

Advisory Board staff did not revise operating reserve assumptions; however, specific line items that are reduced will also lower the operating reserve correspondingly.

The Authority's current planning projections assume that all reserves will be exhausted in the next few years; that assumption means that there is absolutely no surplus in future years. The Authority has had an average surplus of greater than $20 million over the last three years (including beyond budgeted revenues that the Authority has received and total under expenses).

Future releases of reserves are not reflected in the planning projections; there will be $138 million in FY14 to replenish those reserves that can be used to manage rate revenue requirement increases in future years.

MWRA has an obligation to fund the pension and OPEB liabilities. With the exception of Wellesley, staff doesn't believe there is any community or entity in Massachusetts that is currently funding or trying to fund that liability. More to the point, the Authority's own financial advisors have said "we believe it would not be prudent at this time to make any meaningful deposit toward its OPEB liability during this stressed time." It can't get much clearer than that. Advisory Board staff believes the $10 million allocated for the FY11 and FY12 OPEB liabilities should be removed from the budget going forward. Pension reform will change the liability dramatically, further, the MWRA can take advantage of the Commonwealth's extended schedule to 2030 right now and perhaps even 2040 if they make that change later on.

Even with the Lehman problem, the Authority saw a $12.5 million surplus in variable rate debt expenses. The Fed projects that the current rates will remain where they are for an extended period, at least through the end of the fiscal year rates should remain low.

Some would say that a $0 rate revenue requirement increase would risk the Authority's bond rating. The Authority has historically kept increases lower than projected in the past. What would the impact on the rating be if a community was faced with default because they can't pay their bills? Communities are beginning to have a lot of trouble. Consumption is down while assessments continue to go up. This is why a $0 increase makes sense.

Mr. Favaloro said this is one pathway; tools have been identified to get to the road we want to travel for a $0 rate revenue requirement. It is November, the budget process starts in February. Advisory Board staff has deliberately changed its approach to get its recommendations in early to set the tone and direction to be fair to MWRA staff.

Mr. Romero noted that even if the rate revenue requirement stays at a $0 increase, the allocation among cities and towns would change according to the methodology. As the consumption changes and the three-year averaging rolls in, all of that would change these numbers in a minor way.

Chairman Dunphy summarized that the Advisory Board is requesting that the MWRA work to come up with a budget that utilizes the tools previously recommended by the Advisory Board now rather than wait until the first of the new year to provide relief to the communities.

E. COMMITTEE REPORTS

Executive Committee – Katherine Haynes Dunphy

- **ACTION ITEM: NOMINATION/ELECTION TO THE MWRA ADVISORY BOARD EXECUTIVE COMMITTEE**

John DeAmicis stated that he has represented the Town of Stoneham as its designee for approximately six months and that he is willing and able to do more; he requested the support of Advisory Board members to become a member of the Executive Committee.

Chairman Dunphy said Mr. DeAmicis came to the Executive Committee meeting last week and received the nomination of the Committee to be a member.

A Motion was made **TO NOMINATE AND ELECT JOHN DEAMICIS OF THE TOWN OF STONEHAM TO SERVE AS A MEMBER OF THE EXECUTIVE COMMITTEE FOR FISCAL YEAR 2010.** It was seconded and passed by unanimous vote.

- **ACTION ITEM: APPROVAL OF FIVE-YEAR MWRA PROGRESS REPORT PANELISTS**

Chairman Dunphy said every five years the MWRA sends a five-year progress report to the Governor and the Legislature. The Advisory Board is required to vote on the selection of the panelists who develop the progress report.

The panelists proposed are James Hoyte (Legal/Public Management); Douglas Foy (Environmental); Joseph DelGreco (Environmental); Eileen Simonson (Environmental/Public Management); and Christine Kowalczuk (Finance).

A Motion was made **TO APPROVE THE SELECTION OF THE FIVE-YEAR MWRA PROGRESS REPORT PANELISTS.** It was seconded and passed by unanimous vote.

Finance Committee – Bernard Cooper

- **PRESENTATION: STATUS OF FEDERAL STIMULUS FUNDS FOR MWRA** – Rachel Madden, Director of Administration and Finance

MWRA Director of Administration and Finance Rachel Madden said she is happy to stand up and talk about stimulus dollars after such a heartfelt presentation and understanding the struggles of the communities. It is a relief that MWRA will be receiving stimulus dollars.

The MWRA is anticipating receiving approximately $30.8 million in stimulus dollars from the State Revolving Fund (SRF) alone. The SRF is the low interest rate program that is subsidized by the federal government. Through EPA, SRF this year is receiving $133 million worth of clean water funds in stimulus dollars and $52 million on the drinking water side in the form of principal forgiveness loans, providing a great opportunity for the MWRA because it is essentially free money.

The MWRA anticipates getting approximately $23.5 million on the clean water side (sewer) and of that money $5.5 million is designated for specific projects; the remaining $18 million can be applied to projects that MWRA chooses as long as they meet the eligibility requirements.

The two designated projects that are receiving the $5.5 million in “green” infrastructure dollars are a $4.75 million 1500 kilowatt wind turbine project that will be built in Charlestown that will produce electricity and save the Authority money going forward; this project, in its entirety, will be funded by the stimulus dollars. The other project has already been launched, which is the Deer Island solar project. MWRA received $735,000 in stimulus dollars. The head of the EPA came and launched the stimulus dollars program at this site.

The remaining $18 million will be spread across a number of projects. The Authority reviewed all of the projects in its Intended Use Plan in the SRF and worked toward, either through change orders or existing projects that were already underway, to make sure the projects are fully compliant. There are a number of eligible projects.

A number of CSO projects will be eligible for the SRF funding, including the odor control facility in South Boston, the East Boston sewer rehabilitation, Reserved Channel and the dewatering pump station in North Dorchester. Funding toward the Deer Island clarifier program, which is already underway (60 miles of chain), has also been approved. The Braintree-Weymouth Rehabilitation is the other project that will benefit from these stimulus dollars.

On the drinking water side, MWRA staff estimates receiving about $7.4 million in stimulus dollars; $2.6 million of these funds are designated for “green” infrastructure projects. Of the $2.6 million, $1.5 million will be going to the Loring Road Hydro project and the other is a $1 million stimulus grant for a 478 kilowatt solar project at the Carroll Water Treatment Plant.

The remaining money on the drinking water side is estimated to be $4.8 million; it is estimated because it is formula based and a certain percentage will be applied to all eligible projects. MWRA could receive more money if fewer communities get all of their projects that were on their list to be eligible for stimulus dollars. The deadline is February 17 for all eligible projects and then MWRA will see what size piece of the pie that it will get. MWRA does have a series of drinking water projects identified including the lower Hultman, new connecting mains, Weston Aqueduct and southern spine.

The Authority has tried to maximize its eligibility for any sources of stimulus funds, including Clean Renewable Energy Bond (CREB) loans, which are extremely low-interest bonding opportunities similar to the SRF in that it would be about a 2% interest rate. The loans have to be for eligible projects, which must be pre-approved by the IRS. The Commonwealth of Massachusetts received notification that three of the MWRA’s projects would be eligible for that financing. There is also another pool of stimulus dollars specifically for solar projects and MWRA may be eligible for a number of other projects including solar panels on the bio-solids building in Quincy, as well as another program at Deer Island.

While staff anticipates receiving $30.8 million in stimulus funding, the value is really $39.6 million when you consider that the Authority will not have to borrow the $30.8 million, even using the lowest estimate of using SRF dollars.

Operations Committee – Jay Fink

- **PRESENTATION: MWRA OUTFALL MONITORING CHANGES** – Andrea Rex, Director, Environmental Quality Department

Andrea Rex, Director of the Environmental Quality Department, stated that the ambient monitoring program covers work that is required in the Authority's National Pollutant Discharge Elimination System (NPDES) permit to look at the effects of MWRA's discharge on Massachusetts Bay. Ms. Rex presented a video that illustrated the reason that MWRA staff believes that the monitoring program can justifiably be reduced; the video showed the discharge coming out of the diffuser. The diffuser had an abundance of healthy looking marine life very close to the outfall providing a visual statement contradicting the fears that were expressed years ago when the outfall was first coming online that it would ruin the environment.

Monitoring began in 1992; staff is comparing baseline data that were gathered before the outfall went online with data gathered after the outfall came online to see whether or not the environment has changed. EPA has described this program as the largest ambient monitoring program for a secondary discharger in the country. Water column monitoring stations go all the way from Cape Ann down to Cape Cod Bay, a really extensive area to monitor because originally the fears were that the discharge would effect as far down as Cape Cod Bay.

Since MWRA started the monitoring, staff has answered all 30 of the original monitoring questions about the health of the water column, plankton, fish and shellfish (including flounder and liver disease and contaminants) and the animals living on the bottom, as well as public health related questions. Water quality standards in Massachusetts Bay are being met and in fact the discharge itself is generally better in quality than the planning predictions were at the time the plant and outfall were planned.

The monitoring entails work in many different areas, sampling for a number of different parameters; they measure water movement; look at algal blooms, levels of dissolved oxygen, count the plankton, and look at esthetics around the outfall to see if there are floatables out there. In the sediments, samples are taken of the bottom and in the soft bottom for the animals living within the sediments there. Staff counts and identifies them to see if those communities are changing, as well as photographic monitoring of animals living on the rocks near the outfall.

Monitoring numbers show that the treatment plant is functioning very well, coupled with source reduction by the Toxic Reduction and Control unit of MWRA. No adverse effects have been seen in the water column and the story is the same in the sediments, which have virtually shown no change. Flounder liver diseases are still low and no tumors were found in 2008.

MWRA's proposed changes to the monitoring plan include reducing the amount of monitoring stations from 33 to 14 and reducing the number of surveys from 18 times a year to 9 times a year. Additionally, staff would like to eliminate some highly specialized studies.

Over the course of the summer, MWRA staff met with the Outfall Monitoring Science Advisory Panel (OMSAP), which is EPA's independent expert panel that advises EPA and the Department of Environmental Protection (DEP) on the monitoring and any changes to the monitoring. After three long technical meetings with OMSAP, the panel voted to recommend that these changes be implemented. OMSAP agreed with the MWRA that the data supports these changes. It is now up to EPA and DEP to review those changes and decide which they will support.

Over the last couple of weeks a new player has come on the scene – the National Marine Fisheries Service (NMFS). EPA has been trying to engage the NMFS for a number of years on the issue of a new NPDES permit. NMFS has purview over implementing the Endangered Species Act in the marine environment and is responsible for much of what is in the present ambient monitoring program and the fact that it is incorporated into MWRA's permit.

The Endangered Species Act operates by the level of federal agencies consulting with each other and NMFS appears to want to initiate a consultation (a Section 7) with EPA in which EPA must tell NMFS why it believes the change in MWRA's ambient monitoring is appropriate. NMFS has indicated that they will require some technical and fairly extensive reporting on the results of the monitoring to date, relating those back to the original conservation recommendations that were in NMFS original biological opinion that allowed the treatment plant and outfall to go forward back in the 1990s. EPA has already informed MWRA that they will be relying heavily on MWRA staff to provide the information that is necessary to go into this report. This may significantly delay the implementation of these changes that were on track to be implemented by early next calendar year and that may be in doubt at the moment.

Zig Peret asked if a number can be placed on the endangered species they are looking at. Ms. Rex said they are looking at all the whales in Massachusetts Bay and there are probably five different species of whales; they also consider protected species, which includes the harbor porpoise and the white-sided dolphin. Additionally, there are a number of species of turtles that swim into the Bay periodically; there are three or four species of turtles that are of concern. It is essentially marine mammals and turtles.

❖ PREVIEW: 2009 ANNUAL WATER AND SEWER RETAIL RATE SURVEY

Mr. Romero gave a preview of the responses staff has received from the communities relative to the 2009 Annual Water and Sewer Retail Rate Survey.

MWRA community pages will now include not only the annual cost according to the 90,000 gallons/120 HCF that has typically been used for historical comparison, which is the AWWA national standard, it will also include the annual costs for residential use using the 2008 DEP data that communities provide. Also included is a chart that tracks a five-year period through 2008 on the consumption of the community using DEP numbers, plotted against the MWRA assessments for those communities. The graph will show that on the retail side the cities and towns are seeing a drop in consumption but correspondingly their assessments, which don't even take into account local work and overhead costs the communities have, show that costs are going up. The graphics will utilize the 90,000 gallons for an apples-to-apples comparison.

MWRA final wholesale assessments had increased 4.45% in FY09. The average MWRA household charge ranged from $771 to $1,138. The $771 utilizes the 61,000 gallons that the MWRA uses as a placeholder on its projections up to the 90,000 gallons that the Advisory Board uses as the standard. The average MWRA community retail rate increase was 6.1%, using the 90,000 gallons standard.

During the ten years from 1998 to 2008, MWRA community retail rates increased 69%, again using the 90,000 gallon standard.

In FY10, MWRA final wholesale assessments increased 3.8% and the average MWRA community household charge is now ranging from $811 to $1,197. The average MWRA community retail rate increase is 5.2% this year. From 1999 to 2009, MWRA community retail rates increased 71%, using the 90,000 gallon standard. The average combined annual water and sewer residential costs over the ten year period of 1999 to 2009 is an increase of $498 for the MWRA communities (based on 90,000 gallons). The average for MWRA only services was $1,195, compared to 2009, which is $1,244.

In FY08 for the annual residential costs the average was $1,138 compared to the 2009 average of $1,197.

Comparing MWRA's annual residential costs to other U.S. cities and systems, MWRA tends to be in the top four with Seattle, San Francisco and Portland. Currently, for 2009, MWRA is at the fourth level; the average system-wide for U.S. cities is about $868, using 90,000 gallons.

For actual capital needs, 54 responses were received. Cities and towns identified $628 million up to $1.1 billion that would be needed over the next five years in capital infrastructure improvements versus what they actually plan to spend of $218 million to $389 million. There is a dramatic need and an inability to meet that need.

For stormwater recovery, there were 58 responses; 35 communities said their stormwater recovery would come from the DPW budget and 12 said from water and sewer rates and there were two special assessment fees.

On the budget shortfall question, 50 responses were received this year, which was up from last year. Thirty communities, or 60% of those who answered, predict that they will have a shortfall this year because of dropping consumption on the retail side, compared to 2008, when 40% of respondents predicted a shortfall. Staff can't underscore enough that the drop in consumption, while the cost of retail rates continue to go up, is a problem not only for the cities and towns but also for the ratepayers, which emphasizes why the MWRA needs to provide as much relief for cities and towns on the water and sewer side.

The final survey will be sent out in January.

❖ LEGISLATIVE UPDATE

Mr. Favaloro said the $500,000 for the Clinton Wastewater Treatment Plant has been restored by the Legislature due to the actions of Speaker DeLeo, who said the Governor overstepped his 9C authority, which does not allow him to make a direct deduction from a line item.

F. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:03 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary