

**MWRA ADVISORY BOARD MEETING**  
**MAY 19, 2011**  
**CHELSEA OPERATIONS CENTER**  
**TWO GRIFFIN WAY, CHELSEA, MA – 11:30 A.M.**  
MINUTES APPROVED AT THE SEPTEMBER 15, 2011 MEETING

Eighty-five people were in attendance, including thirty-two voting members: Mike Rademacher, ARLINGTON; E. A. Maguire, ASHLAND; Richard Warrington, BEDFORD; Peter Castanino, BELMONT; John Sullivan, BOSTON; Jay Hersey, BROOKLINE; John Sanchez, BURLINGTON; Timothy MacDonald, CAMBRIDGE; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; David Field, DEDHAM; Jon Norton, EVERETT; J. R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Charles McCollum, MARBLEHEAD; Cassandra Koutalidis, MEDFORD; Katherine Haynes Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Peter Smyrnios, PEABODY; Jeff Zager, READING; John DeAmicis, STONEHAM; Rick Stinson, WAKEFIELD; Walter Woods, WELLESLEY; Earl Forman, WESTON; Bob Angelo, WESTWOOD; Zig Peret, WILBRAHAM; Michael Woods, WILMINGTON; Anthony Blazejowski, WOBURN.

Also present: John Carroll, Andrew Pappastergion, Joseph Foti and James Hunt III, MWRA BOARD OF DIRECTORS; Jay MacRitchie, FORMER MWRA BOARD MEMBER; Roger Frymire, CAMBRIDGE; Glen Doherty, EVERETT; George Burnell, LEXINGTON; Joe Welch, NORWOOD; Dave Sutter, WILBRAHAM; Jay Doran, WOBURN; Michael Capuano, CONGRESSMAN; Ron Mariano, HOUSE MAJORITY LEADER; Russell Holmes, STATE REPRESENTATIVE; Ray Pegram, AIDE TO REP. HOLMES; Dick Fox, CHAIRMAN/CEO, CDM; Kathy Baskin, EOEEA; Jonathan Yeo, DCR/DWSP; Steven McCurdy, DEP; Martin Pillsbury, MAPC; Vivien Li, TBHA; Larry Schafer, WAC; Lexi Dewey, WSCAC; Eileen Simonson and Bill Elliott, FORMER WSCAC; Bruce Berman, SAVE THE HARBOR/BAY; Michael Hornbrook, Rachel Madden, Rick Trubiano, Bonnie Hale, Kathy Soni, David Whelan, Robert Donnelly, Ria Convery, Tom Durkin, Rob Belkin, Mike Morris, Steve Estes-Smargiassi and Susan McAree, MWRA STAFF; Susan Brazil and Joe Dorant, MWRA LABOR COALITION; Michael Ralph, FORMER MWRA STAFF; Patty Cross, Ryan Ferrara, Ann LaBelle, Tara O'Donnell, Kim Smith and John Terry, MWRA ADVISORY BOARD FORMER STAFF MEMBERS; Joe Favaloro, Matthew Romero, Maggie Atanasov and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF; Cornelia Potter, MWRA ADVISORY BOARD CONSULTANT.

**A. APPROVAL OF THE MARCH 17, 2011 MINUTES OF THE ADVISORY BOARD**

Chairman Katherine Haynes Dunphy called the meeting to order at 11:38 a.m. Chairman Dunphy offered a moment of silence in honor of MWRA Executive Director Fred Laskey's mother, Barbara Laskey, who passed away.

A Motion was made **TO APPROVE THE MINUTES FROM THE MARCH 17, 2011 ADVISORY BOARD MEETING.** It was seconded and passed by unanimous vote.

**B. COMMITTEE REPORTS**

**Finance Committee** – Bernard Cooper

**❖ ACTION ITEM: ADVISORY BOARD FY12 OPERATING BUDGET**

MWRA Advisory Board Executive Director Joseph Favaloro stated that the overall request to the MWRA for the Advisory Board's FY12 operating budget is \$434,121, which is a \$16,000+ reduction from last year's request.

A Motion was made **TO APPROVE THE MWRA ADVISORY BOARD'S FY12 OPERATING BUDGET OF \$434,121**. It was seconded and passed by unanimous vote.

**❖ ACTION ITEM: ADVISORY BOARD INTEGRATED COMMENTS AND RECOMMENDATIONS ON MWRA'S PROPOSED FY12 CIP AND CEB** – Matthew Romero, Manager for Finance and Policy Review

Matthew Romero, Manager for Finance and Policy Review, provided members with an overview on where staff is in the *Comments* process. For the proposed FY12 CIP/CEB, staff tried to frame its comments in terms not only for the FY12 fiscal budget, but also looking at the long-term picture and challenges facing the Authority.

Staff looked at various reductions that could be made for FY12 and one of those reductions included reducing the \$1.9 million the Authority has in the Other Post-Employment Benefits (OPEB) line item. This is an issue that the Advisory Board has gone back and forth with the Authority on. This amount is only a nominal contribution to the OPEB liability and as such, because there is a continuing debate on this topic on how and when to fund this liability, staff has reduced that contribution.

Recently the Board of Directors amended one of its swap agreements, resulting in a benefit of \$466,000 for FY12.

The Authority, in its proposed budget, had proposed a defeasance transaction of \$23.6 million; however, they have since increased that to \$28.5 million. We are not sure if the Board of Directors will approve an additional defeasance in June.

The Advisory Board was able to reduce its own budget so that reduction was addressed in the Advisory Board's comments as well.

Updated budget assumptions refers to updating budget assumptions as better information is attained. For example, as actual chemical prices are determined, it is no longer necessary to have placeholders.

Taking all of the recommendations that the Advisory Board has developed, staff is recommending a 3.49% increase for FY12. The Authority is recommending a 3.9% increase. If the Authority were to flat line an increase of 3.9% moving forward through FY21, the Authority will have to find \$626.4 million in additional cuts and adjustments or additional revenues in order to maintain the 3.9% increase through FY21. This underscores the long-term challenge that the Authority is facing moving forward.

The document also outlines a list of various tools that can be used to start to meet that challenge but with a scope at the \$646.4 million level, it is a very daunting challenge and will take a lot of effort from not only the Authority, but also the Advisory Board as we move forward over the next ten years.

On the CIP side, one recommendation is to reduce capital spending by \$25 million per year. This is really aimed at managing that challenge moving forward because while we know that cutting capital spending in FY12 is not necessarily going to show a dramatic benefit to rate revenue requirements in FY13 or FY14, as you begin to layer the new debt at a reduced level rather than at the level the Authority had assumed, a benefit should be felt in later years.

With the completion of the majority of the mandated projects, the Authority is moving toward asset protection as its primary goal. The Authority can still have a robust asset protection program but should be able to reduce the capital spending because it does not have to spend at the levels needed during mandated projects.

On the policy side, staff recommended a Long-Term Rates Management Committee that will be convened at some point this summer. This committee will not only review the tools that the Advisory Board has outlined, it will also help to determine where the released reserves funds will be utilized.

The Advisory Board has a few recommendations regarding the Other Post-Employment Benefits (OPEB) line item, which really focuses on getting the Authority staff to focus on what is the nature of the obligation, what factors could change or mitigate it and what other options there could be moving forward, considering there are many other challenges facing the Authority, and the ratepayers as well.

The Authority has used surplus funds or rate stabilization funds to actively reduce debt as a tool to reduce debt expense and thereby reduce rates for the ratepayers. Staff wants to underscore that defeasance will be a critical tool for the Authority moving forward.

A Motion was made **TO APPROVE THE MWRA ADVISORY BOARD'S INTEGRATED COMMENTS AND RECOMMENDATIONS ON MWRA'S PROPOSED FY12 CIP AND CEB, INCLUDING A RECOMMENDATION FOR A 3.49% RATE INCREASE FOR FY12.** It was seconded and passed by unanimous vote.

**Executive Committee** – Katherine Haynes Dunphy

**❖ ACTION ITEM: NOMINATION/ELECTION OF AN ADVISORY BOARD REPRESENTATIVE TO THE MWRA BOARD OF DIRECTORS**

Chairman Dunphy said we are very fortunate that John Carroll is willing to continue his service on behalf of the cities, towns and ratepayers. He has been a great asset to all of us.

The Executive Committee, acting as the Nomination Committee, has nominated Mr. Carroll to serve as the Advisory Board's representative on the MWRA Board of Directors.

Mr. Carroll said he will work hard as a member of the Board of Directors. He noted that he has a good working relationship with Messrs. Pappastergion and Foti, as well as other members of the Board of Directors. The Advisory Board's members work hard to try to get to six votes on

key items that come before the Board. Mr. Carroll pledged to do the best job he can for the next three years.

Hearing no nominations from the floor, a Motion was made **TO NOMINATE AND ELECT JOHN CARROLL TO SERVE AS AN ADVISORY BOARD REPRESENTATIVE ON THE MWRA BOARD OF DIRECTORS FROM JULY 1, 2011 TO JUNE 30, 2014.** It was seconded and passed by unanimous vote.

C. **CELEBRATING 25 YEARS**

**OPENING REMARKS:**

**Chairman Dunphy** said we are here today to celebrate the 25<sup>th</sup> anniversary of the MWRA and the MWRA Advisory Board and to honor the individuals and organizations that have participated and served for 25 years.

When we look back we find that the water and wastewater systems were suffering from decades of neglect. Boston Harbor had the reputation of being the dirtiest harbor in the country. A leaky water system created a demand for water that exceeded the safe yield of the reservoirs. Today the new treatment plant at Deer Island, the Combined Sewer Overflow Projects and the upgrades of the MWRA and municipal wastewater systems have given us a clean Boston Harbor, one of the greatest environmental stories.

Protected watersheds and reservoirs, a new water treatment plant, transmission and storage facilities, the MetroWest Tunnel and MWRA and local pipeline improvements and water conservation efforts have given us confidence that we will have the highest quality drinking water for generations to come.

Twenty-five years and billions of dollars have led to this successful outcome but it would not have happened without the work of people – elected officials, environmental agencies, concerned citizens and organizations, the authors of the legislation that created the MWRA and the MWRA Advisory Board, the MWRA legislative caucus, members of the Board of Directors, members of the Advisory Board, and the other advisory committees WSCAC and WAC, and the men and women of the MWRA's talented and committed staff.

**Michael Hornbrook**, MWRA Chief Operating Officer, welcomed everyone to the MWRA's facility on behalf of the MWRA Board of Directors.

Mr. Hornbrook said the success of what we have accomplished to date cannot be attributed alone to the MWRA. It has taken many different parties to get to the levels of accomplishments that have occurred over the last 25 years. On behalf of the dedicated men and women of the MWRA, I would like to thank the MWRA Advisory Board and all of its members who have worked countless hours to get to this point. It is not just reviewing of budgets and policy decisions that have been made by the Advisory Board but it is the day to day contact that we have with our customers and it is the discussion back and forth, almost on a constant basis, that allows the MWRA to provide the services to the communities and to get feedback from the member communities. The hard work of the MWRA Advisory Board and the people in this room, including Chairman Dunphy, all of the advocacy groups, the elected officials, Representative Mariano, Congressman Capuano, all of those parties are what it took; DEP and

the SRF funding program – it takes all of those people to push a program forward to get to the accomplishments that have been made.

In many ways the MWRA receives the accolades; those accolades deserve to be shared with everyone within this room, particularly the MWRA Advisory Board. It is a great celebration of 25 years and we are looking forward to the next 25 years of collaboration and teamwork and moving forward to get the best service we can for our member communities and customers and getting the best environmental results.

### **PERSPECTIVES:**

#### **THE HONORABLE MICHAEL CAPUANO, CONGRESSMAN**

Congressman Michael Capuano congratulated the MWRA and MWRA Advisory Board on their 25<sup>th</sup> anniversary. He stated that he feels the value of the Advisory Board is underestimated and under-stated by a lot of people. It is very important. Everybody wants what the MWRA does; we all want clean water and a clean harbor. We need people there to advocate for us to let the MWRA know that when they dig up our streets or raise the rates, it really impacts people. The process and the system worked. Thank you to those of you who give your time and energy to make the MWRA something that we are all proud of.

#### **GREETINGS FROM THE EXECUTIVE OFFICE OF ENERGY AND ENVIRONMENTAL AFFAIRS – KATHLEEN BASKIN, DIRECTOR OF WATER POLICY**

Kathleen Baskin, Director of Water Policy, stated that she was thrilled and honored to be at this event to represent Secretary Sullivan and the Patrick Administration. She extended their congratulations to both the MWRA and the MWRA Advisory Board on their 25<sup>th</sup> anniversary and to those who have served the MWRA for 25 years. The Commonwealth is grateful to the MWRA staff, management, Board of Directors, the MWRA Advisory Board, WSCAC and WAC for their contributions to the citizens of the Commonwealth, including tremendous strides made in the protection of public health, improvements to the environment and enhancements in the quality of our lives.

#### **THE HONORABLE RON MARIANO, HOUSE MAJORITY LEADER AND CHAIRMAN OF THE MWRA LEGISLATIVE CAUCUS**

Representative Ron Mariano said of all the fights that he has been involved with over a number of years, starting with Bill Golden, Quincy's City Solicitor, who sued to get Quincy Bay Clean, and citizens throwing their bills into the harbor, he stated he has had a long history with the MWRA and MWRA Advisory Board.

Representative Mariano stated that one of the first people he met was Robert DeLeo, who formed the MWRA Legislative Caucus to help work on issues on behalf of MWRA ratepayers. In the beginning, there was an adversarial nature on these issues but now with the success of these projects, the MWRA and MWRA Advisory Board deserve a lot of credit. It has been a long struggle and it still continues with the debt numbers; we still have work to do. We owe it to the ratepayers and the legislators are cognizant that everything was put onto the backs of the ratepayers. We got it done with the work of the communities and very aggressive management.

It is a testimony to both the Advisory Board and the MWRA Board of Directors; although we have had our battles, we have always come together to try to do what was best for the ratepayers. The economy will be back and we will commit to helping ratepayers because it is the right thing to do and the benefits have been terrific.

**JOSEPH DORANT, PRESIDENT OF MOSES, ON BEHALF OF THE MWRA LABOR COALITION**

Joseph Dorant spoke on behalf of the Coalition of Unions of the workers of the MWRA. He stated that he worked at DEP for 37 years as a water pollution engineer so he knows first-hand the improvements that have been made to Boston Harbor. These improvements are not just to the environment but also to the quality of life for the people of Massachusetts. None of this would be possible if it weren't for the extraordinary work of the employees of the MWRA.

The public saw the value and capabilities of the MWRA work force during the water pipe break one year ago. What the public doesn't know is that these employees bring passion and dedication to their jobs every day and some have done this for 25 years. On behalf of the Coalition of Unions, we are proud and honored to recognize 25 years of dedicated service. Out of 1,210 employees, about 10% of that work force has been here for 25 years or more.

**VIVIEN LI, PRESIDENT, THE BOSTON HARBOR ASSOCIATION**

Vivien Li offered thanks and congratulations to the MWRA Advisory Board, MWRA Board of Directors, MWRA management and the men and women who work at the MWRA. She acknowledged members of DEP and EPA, the congressional delegation, including Senator Kennedy, Congressmen Moakley, Capuano, Delahunt and others, DCR, MAPC, the local elected officials, including Rep. Mariano and his colleagues, and of course, we will not forget the contributions of Judge Mazzone and his successor Judge Stearns.

The Boston Harbor Association was founded in 1973 by men and women that had a vision that someday Boston Harbor would be clean enough for their children to swim in. Over the years, we have been supportive of the establishment of the MWRA.

Through the efforts of Boston Mayor Raymond Flynn, who was afraid that the cleanup of the Boston Harbor would preclude the city's residents from enjoying the harbor, the Harbor Park Advisory Committee was formed and the harbor walk public access system was set up and now there are 39 miles through the waterfront neighborhoods of Boston that allow the public to enjoy the waterfront.

**BRUCE BERMAN, SAVE THE HARBOR/SAVE THE BAY, INTRODUCTION TO WAVES OF CHANGE – BOSTON HARBOR HEROES**

Bruce Berman said what a remarkable thing has been accomplished over the past 25 years. He presented a film called "Waves of Change – Boston Harbor Heroes" that showed the accomplishments that have occurred in Boston Harbor over the past 25 years.

**DICK FOX, FORMER HEAD OF MWRA PROGRAM MANAGEMENT DIVISION, CURRENT CHAIRMAN AND CEO OF CAMP DRESSER & MCKEE, INC.**

Dick Fox said pride is not a word that was being used in 1985 and 1986. Back then, the first MWRA Board of Directors and this Advisory Board said one thing – “clean up the harbor.” It was easy to say that in 1985 because there was a court order. By the end of that decade, three years of double-digit rate hikes and rate increases had become, literally, political suicide. They stood tall and developed this program. In my opinion, the MWRA and the MWRA Advisory Board have an enormous right to be proud. There were 5,000 plus workers that built Deer Island and they are very proud of their accomplishment.

**PRESENTATIONS: TO INDIVIDUALS AND ORGANIZATIONS THAT HAVE PARTICIPATED/SERVED FOR THE 25 YEARS**

Certificates of Appreciation were presented to the following:

Advisory Board Members/Staff: John Carroll, Bernie Cooper, Joseph Favaloro, Andrew Pappastergion, Cornelia Potter, Peter Smyrnios, Walter Woods; MWRA Employees: Corinne Barrett, Guy Foss, Marcis Kempe, Andrea Murphy, John Riccio, Richard Trubiano, John Vetere, Vivienne Wright, Kevin Feeley; Unit 1: Terry Bickford, William Burns, James Collins, Lee Jensen, Michelle Potts, Alfred Renrick, Flora Sanders, Kenneth Witkowski; Unit 2: James Andon, Edward Arcese, Richard Barbarisi, J. James Burns, James Carey, Richard Cipriano, Robert DeChellis, Timothy D’Ortona, Gary Garrity, Rocco Giovanniello, William Graham, David Harnett, Robert Holthaus, Gerard Kelly, Christine Lane, Dennis Linehan, Richard Mandell, Ronald Maxwell, Joseph O’Donnell, Paul Polito, Keith Portell, Steve Rocke, Russell Smith, William Smith, Scott Tamagna, Paul Teneriello; Unit 3: Paul Addivinola, Timothy Barry, Joseph Bussone, Brian Callely, Frank Cascarano, David Codair, Thomas Derosier, Richard Desmond, Stephen Dwyer, Paul Flaherty, Mark Forti, Thomas Fulkerson, Edward Gallagher, Peter Gogan George Goros, David Hale, Alan Hanscombe, Robert Johnson, James King, Randolph Lahey, William Lane, Daniel Leary, William Lewey, Edward Luongo, James MacPherson, William Magnell, Joseph McCarty, John McDonough, Robert McGee, James McMahan, James Mele, George Morano, Patrick Moynihan, Albert Parker, James Polk, Thomas Rosado, David Rota, Richard Staples, William Young; Unit 6: Nancy Aftosmes, Funmei Chang, Daniel Cushing, Lettie Genovitch, Robert Gorham, Lisa Jenkins, David Lombard, Charles Olsen, Deborah Palmer, Gino Rizzo, Carol Swirbalus; Unit 9: Stephen Abner, Gregory Alessandro, Patrick Barrett, M. Altaf Bhatti, Grace Bigornia-Vitale, Richard Burns, Dennis Capraro, Philip Carbone, Matthew Condon, William Coughlin, Viviane Edward, Lafleur Etienne, Peter Green, Paul Kelley, Sean McGillicuddy, Nancy McSweeney, Glenn Merlini, John Norton, Kenneth Perry, John Powers, Eric Renda, George Riley, Charles Ronayne, Walter Schultz, John Shdeed, Mark Sullivan, Michael Walsh, Gordon Yu; Associates: The Honorable Robert DeLeo, Speaker of the House of Representatives; Martin Pillsbury, Metropolitan Area Planning Council; Bruce Berman, Save the Harbor/Save the Bay; Vivien Li, The Boston Harbor Associates; Larry Schafer, Wastewater Advisory Committee; Water Supply Citizens Advisory Committee.

**D. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:13 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Secretary