

**MWRA ADVISORY BOARD MEETING  
NOVEMBER 17, 2011  
WELLESLEY FREE LIBRARY  
530 WASHINGTON STREET, WELLESLEY, MA – 11:30 A.M.  
MINUTES APPROVED AT THE JANUARY 19, 2012 MEETING**

Forty-two people were in attendance, including twenty-two voting members: Mike Rademacher, ARLINGTON; Peter Castanino, BELMONT; John Sullivan, BOSTON; Jay Hersey, BROOKLINE; David Field, DEDHAM; J. R. Greene and Barbara Wyatt, GUBERNATORIAL APPOINTEES; Ed Demko, HINGHAM; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Honorable Richard C. Howard, Mayor of MALDEN; Charles McCollum, MARBLEHEAD; Katherine Haynes Dunphy, MILTON; Wiff Peterson, NATICK; John Cosgrove, NEEDHAM; Lou Taverna, NEWTON; Jeff Zager, READING; Honorable Thomas Ambrosino, Mayor of REVERE; John DeAmicis, STONEHAM; Walter Woods, WELLESLEY; Earl Forman, WESTON; Joe Lobao, WILMINGTON.

Also present: Michael Bishop, BELMONT; Chase Berkeley and Bill Foley, BOSTON; George Burnell, LEXINGTON; Ryan Ferrara and Phil Jasset, NEWTON; Joe Welch, NORWOOD; Nick Rystrom, REVERE; Bill Shaughnessy, WELLESLEY; Ed Bretschneider, WAC; Lexi Dewey, WSCAC; Fred Laskey, Kathy Soni, Leo Norton and Patterson Riley, MWRA STAFF; Joe Favaloro, Matthew Romero, Magda Atanasov and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF; Cornelia Potter, MWRA ADVISORY BOARD CONSULTANT.

**A. APPROVAL OF THE OCTOBER 20, 2011 MINUTES OF THE ADVISORY BOARD**

Chairman Katherine Haynes Dunphy called the meeting to order at 11:41 a.m. A Motion was made **TO APPROVE THE MINUTES FROM THE OCTOBER 20, 2011 ADVISORY BOARD MEETING**. It was seconded and passed by unanimous vote.

**B. REPORT OF THE EXECUTIVE DIRECTOR**

MWRA Advisory Board Executive Director Joseph Favaloro stated that the MWRA will be holding a workshop in December to help communities prepare their Emergency Response Plans.

**C. RECOGNITION OF SERVICE TO THE HONORABLE THOMAS G. AMBROSINO, MAYOR OF REVERE, AND THE HONORABLE RICHARD C. HOWARD, MAYOR OF MALDEN**

Chairman Dunphy stated in recognition of their service to their communities and as members of the MWRA Advisory Board, the Advisory Board is pleased to honor Mayor Thomas

Ambrosino of Revere and Mayor Richard Howard of Malden with a plaque to commemorate their service.

Mayor Ambrosino thanked members stating that it has been a pleasure working with the MWRA and the Advisory Board through the years.

Mayor Howard expressed his thanks to the MWRA and to the Advisory Board for its efforts in ensuring that the ratepayers do not have to pay any more than they have to for water and wastewater services.

**D. PRESENTATION: EFFECTS OF 2010 CENSUS ON FY2013 SEWER ASSESSMENTS** – Kathy Soni, MWRA Budget Director, and Leo Norton, Assistant Manager of Rates, Revenue and Finance

MWRA Budget Director Kathy Soni stated that MWRA staff went to the Board last month to discuss the impacts of the use of the 2010 census on the FY13 sewer assessments. The preliminary assessments will not be available until February; however, because it is a bit of an unusual situation, staff wanted to make sure that the Board was reminded of what staff did in fiscal year 2012.

The 2010 ten-year census was not available when staff developed the FY12 budget. The Advisory Board concurred with the use of the 2000 census updated to 2009 for the preliminary and final assessments. In the broad perspective, the population change between fiscal years 2009 and 2010 census data was lower by 20,000, or close to 1%.

Sewer Rate Methodology is based on the a community's share of the system, flow and population; changes to any of these components will have an impact on communities' assessments. All the other components remain unchanged because FY13 has not yet been developed.

For budgeting, 47% pertains to population and the rest is based on flow-related parameters.

Mr. Favaloro said this topic is being discussed at the November meeting because staff wants to give the communities enough time to see the impacts of the 2010 census data, which will be used for the first time in the FY13 assessments.

**E. PRESENTATION: 2011 ANNUAL WATER AND SEWER RETAIL RATE SURVEY** – Matthew Romero, Manager, Finance & Policy Review

Manager of Finance and Policy Matthew Romero stated that since the Advisory Board does not meet in December, he wanted to provide preliminary numbers from the Advisory Board's 2011 Annual Water and Sewer Retail Rate Survey.

Mr. Romero reminded members of last year's results stating that there had been a 1.49% wholesale assessment increase for FY11 and that the average MWRA community household ranged from \$839, based on the 60,000 gallon approximation favored by the MWRA, up to \$1,259, based on the 90,000 gallon American Water Works Association (AWWA) national

standard that the Advisory Board uses for historical purposes. The average MWRA community retail rate increase was 4.6%, and had been the lowest increase in nine years. From 2000 to 2010, community retail rates increased 77%, using the 90,000 gallon standard.

For FY12, wholesale assessments increased by 3.49% and the average community household charge ranges from \$867 up to \$1,301, again using 60,000 gallons and 90,000 gallons respectively. The average MWRA community retail rate increase is 3.3%. This is an interesting trend; we saw the lowest retail rate increase last year at 4.6% and it is actually lower this year, which staff was surprised to see. Comparatively, two communities in this year show a decrease and 26 communities with no increases. Last year, two communities had a decrease and only 15 communities did not increase their rates. From 2001 to 2011, MWRA community retail rates increased 73%.

For communities with MWRA-only costs, the average across the system was \$1,305 for 2010. In 2011, the average has increased to \$1,349 for MWRA-only costs.

The annual residential costs for MWRA communities for both water and sewer services was \$1,259 for 2010 and for 2011 it has increased to \$1,301.

In comparison to other cities across the nation, the MWRA comes in just below Seattle and San Francisco but, based on the AWWA standard, the rates are still high compared to the other systems that the MWRA is measured against. Nationally, from the communities that participate in the survey, the average is \$985 for combined water and sewer retail charges across the nation.

Mr. Romero reminded members that these numbers were still preliminary, as not all communities have had a chance to review and amend Advisory Board staff's calculations.

## **F. COMMITTEE REPORTS**

### **Operations Committee** – Jay Fink

#### **❖ REPORT: SURVEY OF COMMUNITIES WITH REMAINING FUNDS IN THE LOCAL WATER PIPELINE ASSISTANCE PROGRAM** – Carl Leone, Senior Program Manager

MWRA Senior Program Manager Carl Leone stated that prior to the full Advisory Board meeting the Operations Committee met to discuss the Local Water Pipeline Assistance Program.

For the first phase of the Water Pipeline Loan Program (100% ten-year interest-free loan program), \$256+ million has been allocated for the communities, with \$200 million having been distributed and \$57 million remaining. The Operations Committee discussed the remaining \$57 million balance and the results of a survey that MWRA staff conducted over the summer to determine what the communities had planned in regard to use of those funds. Twenty-two communities have funds remaining in the Local Pipeline Assistance Program totaling the \$57 million.

The results of the survey showed that many of the communities said that they will be utilizing about \$23 million of the \$57 million over the remaining two years of the program in FY12 and FY13. The survey also asked if the program were to be extended for another two years, what funds would those communities be using and the result was an additional \$11 million.

**After discussion in the Operations Committee meeting, there was no recommendation made to extend the program. As of now, the first phase of the Local Pipeline Assistance Program, with the remaining \$57 million, will end at the end of FY13. MWRA staff will publicize this end date more widely.**

The second phase of the water program was approved by the MWRA Board of Directors to run from FY11 through FY20. A significant amount (34%) of unlined pipe still remains.

On the sewer side, the I/I Grant/Loan Program is a 45% grant and 55% loan program, with a five-year repayment for the loan portion. The MWRA has already gone through seven phases of funding for this program and there are a number of communities that have used all of their funds.

Phase 8 is planned for FY14 and, if approved by the MWRA Board of Directors, will add \$40 million, which will be distributed similarly to the Phase 7 funds.

There is now a sunset provision for the Phase 5 funding. There are ten communities that have Phase 5 funding remaining for a total of \$3.6 million. There are three more distributions scheduled, one for November 2011, one in February 2012 and one in May 2012. Staff believes all of the ten communities will utilize their funds. The sunset provision would eliminate the grant portion, which has been successful in pushing communities to utilize the funds.

Phases 6 and 7 have funding that is authorized through FY18.

A member asked how the grants work. Mr. Leone said if a community has a \$100,000 project, the MWRA will provide the \$100,000 by placing it into an account for the community to utilize for that project and then the community is obligated to repay the MWRA 55% of the project, or \$55,000, that can be broken into five equal payments over five years beginning one year after the money has been distributed.

**Executive Committee** – Katherine Haynes Dunphy

**❖ UPDATE: “BLUE COMMUNITIES ACT”**

Mr. Favaloro said last month we talked about the efforts of the Water Infrastructure Finance Commission (WIFC), which is a state commission led by Representative Carolyn Dykema on the House side and Senator James Eldridge on the Senate side. The commission has worked diligently over the past year to try to come up with new sources of revenue for water and wastewater projects.

The commission continues to work and has provided a menu of options, which include the \$0.001 per gallon recommendation, the Bottle Bill and Debt Service Assistance.

One thing the commission did some significant work on was the gap analysis that talks about what the water and sewer infrastructure needs are in the Commonwealth and methods to fill those needs. The message today is that there is not a single recommendation but rather a menu of options that can hopefully provide funding for the “forgotten infrastructure.”

❖ **STATUS/UPDATE: MASSACHUSETTS INITIATIVE PETITIONS**

Mr. Favaloro said the Initiative Petition that would cap water and sewer increases at 2½ % has not seemed to move forward. Last month, discussion centered on what the Advisory Board could or could not do and it was a good question that was asked by membership.

Through discussions with the Office of Campaign Finance and MWRA Counsel, the Advisory Board has determined the role it can play. The Advisory Board can advocate and take a position and provide information at its meetings and can answer press inquiries; however, resources cannot be used to do broader mailings, etc.

**Finance Committee** – Bernard Cooper

❖ **STATUS: RESTRUCTURING MWRA DEBT**

MWRA Advisory Board Consultant Cornelia Potter stated that last week the Authority conducted an important bond transaction to take advantage of the continually dropping interest rates for bond issues. The Authority refunded \$327 million in fixed-rate bonds with an all-in interest cost of 3.95%, which is the lowest they have ever had. It resulted in savings of \$25 million or 7.17%, which is well above the standard cut-off point of 4% savings in order to justify refunding debt.

This is part of an important step in the continuing effort to manage and shape debt service payments over the next eight to ten years when total debt service payments are expected to peak. The Authority will reap the benefits of this transaction this fiscal year, as well as the next two fiscal years and it will make increasingly significant changes in the current projections for debt service over the next several years to follow.

**G. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:18 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Secretary