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**MWRA ADVISORY BOARD MEETING
MAY 17, 2012
CHELSEA OPERATIONS CENTER
TWO GRIFFIN WAY, CHELSEA, MA – 11:30 A.M.**

MINUTES APPROVED AT THE SEPTEMBER 20, 2012 MEETING

Forty-nine people were in attendance, including twenty-three voting members: Mike Rademacher, ARLINGTON; John Sullivan, BOSTON; Jay Hersey, BROOKLINE; John Sanchez, BURLINGTON; Andrew DeSantis, CHELSEA; J. R. Greene, Barbara Wyatt and Andrew Fisk, GUBERNATORIAL APPOINTEES; Charles McCollum, MARBLEHEAD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Andrew Murphy, NORWOOD; Michael Coffey, QUINCY; Jeff Zager, READING; Nick Rystrom, REVERE; Robert King, SOMERVILLE; John DeAmicis, STONEHAM; Jack Mitchell, STOUGHTON; Mike Collins, WAKEFIELD; Patrick Fasanello, WALPOLE; Jeff Bina, WEYMOUTH; Zig Peret, WILBRAHAM; Joe Lobao, WILMINGTON.

Also present: Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Ryan Ferrara, NEWTON; Eric Sherman, WAKEFIELD; Scott Gustafson, WALPOLE; Linda Hutchins, DCR; Fred Laskey, Michael Hornbrook, Betsy Reilley, David Coppes, Kevin McCluskey, Victor L'Esperance and Kathy Soni, MWRA STAFF; Joe Favaloro, Matthew Romero, Magda Atanasov, Mary Ann McClellan and Cornelia Potter, MWRA ADVISORY BOARD STAFF.

A. APPROVAL OF THE MARCH 15, 2012 MINUTES OF THE ADVISORY BOARD

Chairman Katherine Haynes Dunphy called the Advisory Board meeting to order at 11:46 a.m. A Motion was made **TO APPROVE THE MARCH 15, 2012 MINUTES OF THE ADVISORY BOARD MEETING**. It was seconded and passed by unanimous vote.

B. REPORT OF THE EXECUTIVE DIRECTOR

MWRA Advisory Board Executive Director Joseph Favaloro noted that a summary of the recommendations from the staffing study is available for members to review. A formal presentation on the staffing study will be made at a future meeting.

C. "DIRECTORS' CORNER" – John Carroll, Andrew Pappastergion, Joseph Foti

MWRA Board member Andrew Pappastergion said he thought it would be appropriate to talk about the Board of Directors as part of his statements. Though some of the members have been here for quite some time, there are new faces as well, so he thought he would talk about the Board history and how the Board is made up.

Back in 1984, under the Enabling Act when the Authority was formed, the writers of the act that created the Authority saw fit in their wisdom to develop a protocol where there are 11 members of the MWRA Board of Directors. It was designed in such a way, not only in terms of the make-up of the Board, but also the rules that govern the way the Board operates, makes it feel unique and is key to the success of both the MWRA and the Advisory Board.

The 11-member Board is chaired by the Secretary of the Executive Office of Energy and Environmental Affairs; including the Secretary, the Governor has three appointments to that Board. The second and third appointees represent the Merrimac Valley Watershed and the Connecticut Valley Watershed. That was designed to give those areas of the state, which back then were potential water supplies for metropolitan Boston, a voice. The Town of Winthrop and the City of Quincy each have one member on the Board. The Mayor of Boston appoints three members to the Board of Directors and the Advisory Board elects three members to a three-year staggered term for re-election. (One member is up for re-election each year.)

The Enabling Act had a unique feature in that it required six members to be a quorum. There have to be at least six members present to have a quorum but more importantly any vote requires six votes of the Board to pass, so if there are six members present it basically has to be a unanimous vote, which is a unique feature to this Board.

The success of the MWRA and the Advisory Board is due in no small part to the statutory makeup of the Board. No one entity, including the Governor, the City of Boston or even the Advisory Board has enough votes by itself to control any actions of the Board. This requires consensus building on the Board to be successful in getting something passed.

Since 1985 and the beginning of the MWRA, there have only been six members elected by the Advisory Board. John Carroll has been a member of the Board for 27 years, since the beginning; Joe Foti has been a member for 11 years; and Mr. Pappastergion said he has been a member for 15 years. That represents 53 years of experience between the three members.

Some of the more outstanding issues that have been handled by not only the Advisory Board but the Board of Directors as well go back to the beginning, including the Long-Range Water Supply Study. That was one of the first tasks of the Authority because water demand was exceeding the safe yield of the reservoirs; the Board looked for alternative sources of supply, namely the Connecticut River and even the Merrimac River back at that time. Luckily we didn't need to go that route and we were able to control the way our system operates in terms of leakage and ultimately have been able to reduce the demand from over 300 million gallons per day (MGD) to below 200 MGD.

Big agenda items for the Board included construction of the Deer Island Treatment Plant, the MetroWest Water Supply Tunnel and the John J. Carroll Water Treatment Plant. More importantly, the water treatment plant was the whole argument and debate about treatment versus filtration.

A current issue that will have serious consequences moving forward is rates management. Rates management has always been a hot topic and it is even more important today than it was 20 years ago. Part of rates management is the control of debt service. The MWRA has an enormous bill to pay; how we pay that bill and the mechanisms that we utilize going forward to control debt service are going to determine whether or not we are successful with rates management. These should all ensure that rate increases are consistent, predictable and sustainable.

A second piece of the puzzle that is important going forward is expansion of the water system. The MWRA has the ability to sell more water; it all ties back into rates management because the more customers that are part of the base, then the lower the rates are spread among the communities.

Mr. Pappastergion said he is both proud and humbled to have been part of the Advisory Board's Board of Directors team with both John Carroll and Joe Foti.

Chairman Dunphy recognized the presence of MWRA Executive Director Fred Laskey who added that as a result of two Advisory Board initiatives, the Authority has been busy. One is the staffing study that was presented to the Board of Directors at yesterday's meeting. It was an Advisory Board initiative and after

a lot of work the report has been provided to the Board of Directors. Also at the Advisory Board's request, a Long-Term Rates Management Committee has been created; this is an initiative that the MWRA embraced. A series of meetings have been scheduled and both projects are moving along well so far.

D. PRESENTATION: ARE WE HEADED TO A DROUGHT? WATER LEVELS/PLANS THROUGHOUT THE STATE – Linda Hutchins, Hydrologist, Department of Conservation and Recreation

Department of Conservation and Recreation (DCR) Hydrologist Linda Hutchins said there is a system expansion opportunity for the MWRA.

Ms. Hutchins said she works for the DCR Division of Water Supply Protection (DWSP) in the Office of Water Resources and is a staff member to the State Water Resources Commission.

The current working draft drought plan was initiated after dry conditions in the spring and summer of 1999. That year there was less than an inch of precipitation across the state in the months of April and June. An ad hoc committee was put together at the Massachusetts Emergency Management Agency (MEMA) out at the bunker in Framingham. MWRA staff provided education to MEMA personnel that a drought is a slow-moving disaster and it not going to be here tomorrow.

Staff worked hand in hand with MEMA to determine what constitutes a drought and what actions should be taken. There was not a consistent plan prior to this drought formula. Rhode Island and Connecticut copied this drought plan and tweaked it to their own needs.

It is probably always going to be a draft plan because it was never approved. The lawyers can't agree on who has the authority to call a drought and where this plan really belongs.

The state has a Drought Management Task Force that is made up of representatives of several of the state agencies, including DCR, Water Resources, forest fire control, DCR engineering staff, DEP Water Supply, Wetlands and Water Management Act staff, MWRA, Mass Waterworks Association, the department of health, agricultural resources, and pretty much anyone involved in water in the state. We also get some assistance from our federal partners, most particularly the National Weather Service and the U.S. Geological Survey in helping to monitor hydrological conditions across the state; their partnership is invaluable.

Every month we put together a water conditions report with precipitation values for the state and groundwater levels and surface water levels, it is all described in this report. It is something we monitor every month, not just when droughts come up.

Massachusetts is divided up into six drought regions because of the varying regions such as mountains in the western part of the state and the coastal weather in the southeast.

Drought maps are issued as needed and can be found on the DCR website. DCR can declare droughts at any level for any of the regions, it doesn't need to be statewide.

Drought statements and press releases are now being issued by the Executive Office of Energy and Environmental Affairs. Currently, the Secretary will issue drought declarations up to the warning emergency levels and then the Governor's office will get involved.

Drought is not measured by precipitation alone; other consideration include stream-flow, water supply, fire danger and agriculture. These considerations are all taken in.

There are five drought levels, from normal to emergency, that are based on six drought indices. Those are 1) precipitation related, 2) crop moisture, 3) fire danger, 4) groundwater level, 5) stream flow and 6) public water supply reservoirs. Drought recommendations are made based on a majority of the indices.

MWRA Director of Western Operations and Maintenance Dave Coppes said his responsibilities are the transmission system, the John J. Carroll Water Treatment Plant and reservoir operations – Quabbin and Wachusett, as well as backup reservoirs.

While the rest of the state has been dry recently, MWRA was still spilling water from the Quabbin. It was the one river in the monitoring network that has been doing well. The take home message is that while some of the state may be going into a drought, the MWRA is not necessarily going into a drought. The Quabbin Reservoir is very large and it is not likely that the MWRA would have the same kinds of restrictions on water use that you would have in other parts of the state if there were a drought declared.

In the last eleven years of data, there was just one time that the Authority was below normal in the 2002 to 2003 timeframe. The way that we got out of that was by taking water from the Ware River intake. The MWRA had another watershed that it was able to use that year and was able to recover the Quabbin back into normal conditions. The Quabbin is now above normal.

Last year, August through December had a high yield from the watersheds as a result of a hurricane and a tropical storm. We got a lot of precipitation and had a lot of run off so the watersheds produced a lot of water. In April the MWRA normally produces 600 million gallons per day (MGD) and we produced 280 MGD. To put it in context, I over-layed 200 MGD, which is actually above what our water system uses now, and you can see that from a long-term perspective, really only in July, August and September do the watersheds produce less water on a long-term average than we use. The rest of the months, the watersheds produce significantly more water. We are using a lot less water than our watershed produces.

As of April 22, 2012, the MWRA started spilling again at Quabbin at an average rate of 3.6 MGD; prior to that, we were spilling from September 8 to April 13 of this year, an average of 95 MGD and our water use is under 200 MGD. The total volume of water spilled in that time period was 20.8 billion gallons. Prior to that, from July of last year, MWRA spilled for 101 consecutive days and did large releases to the rivers. There is a lot of water available.

E. COMMITTEE REPORTS

Executive Committee – Katherine Haynes Dunphy

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

Postponed until June. A quorum was not present. *[Election for the Board of Directors is one vote for each community; it is not a weighted vote. A quorum of 33 voting members is necessary to validate the election.]*

❖ LEGISLATIVE UPDATE

Mr. Favaloro said the Senate Budget came out yesterday. The language for Clinton was included in the budget; however, more work needs to be done on the language for Debt Service Assistance (DSA). Staff is hopeful that the final budget will contain a nominal amount for DSA.

Finance Committee – Bernard Cooper

❖ **ACTION ITEM: MWRA ADVISORY BOARD FY13 OPERATING BUDGET**

Mr. Favaloro stated that last month he presented the Advisory Board's proposed budget for FY13. There have been no changes from last month and the Executive Committee approved the budget last week.

The request from the MWRA goes up from last year by 2.9% for an overall budget for the Advisory Board of \$457,534 (of which, \$450,251 will be requested from the Authority), which covers all of the Advisory Board's operating expenses.

A Motion was made **TO APPROVE THE MWRA ADVISORY BOARD'S FY13 OPERATING BUDGET REQUEST OF \$450,251**. It was seconded and passed by unanimous vote.

❖ **ACTION ITEM: COMMENTS AND RECOMMENDATIONS ON THE MWRA'S PROPOSED FY13 CIP AND CEB**

MWRA Advisory Board Manager of Finance and Policy Review Matthew Romero presented a final look at the *Advisory Board's Comments and Recommendations on the MWRA's Proposed FY13 CIP and CEB*.

In recent years, the Advisory Board moved to an integrated format that combined the CIP and CEB review into one document. This year, staff tried something different as well. The document moves away from a paragraph, long-sentence analysis structure and moves toward tables, graphs and bullet points. The thought was instead of having people read through and highlight the pieces of interest, staff went ahead and highlighted them for you by putting them in a bullet point format. The same level of analysis went into this process.

Staff is now trying to use different kinds of charts to demonstrate different things. In a glance, you can see, for example, that chemicals increased from the previous year's budget by \$1.3 million and you can see the breakdown in the graph as to exactly why the increase was incurred. The call out boxes show that two chemicals are the ones that deal specifically with the new NPDES permit and the assumptions that are in there; but then you can also see that these are offset by other chemicals that have been reduced.

With the new format, if you want to check on your favorite topic, whether it be Wages & Salaries or Chemicals, you can, at a quick glance, see what the drivers of the increase are for each of these major categories.

For the CEB, staff made the recommendation that the FY13 rate revenue requirement should be no more than 3.0% and no lower than 3.0%. This is a multi-year issue and if you reduce the near year too much it causes problems for future years. Staff took a look at the 3.9% rate increase proposed by the MWRA and felt the increase could be reduced but were also cognizant that there are a lot of significant challenges coming up in FY14 and FY15 before the reserves are released.

The next chart showed another way of graphically representing the capital budget. The arrows going backward show spending for the various areas that occurred prior to and including FY09. The first half shows the current cap period while the second half shows the proposed cap for FY14 to FY18. CSOs originally were significant but with the new graphics it clearly demonstrates the diminishing CSO projects moving into FY14 to FY18. As you read the comments in the detail section of the CIP, discussion points

are brought forward. Finally, by the end of that second cap period, waterworks improvements are starting to increase as a percentage as compared to wastewater, which has dominated the CIP to this point.

On the CIP, one of the major recommendations is to remove the local grant/loan programs from the cap calculation to make it easier for the Authority to project its budgets. After removing the local programs, staff still believes that further reductions can be made from the capital spending cap. Based on historical spending and ability to get projects done, staff believes the cap can be resized and MWRA staff can start making choices on which projects to do. Staff recommends that the FY14 to FY18 cap be set no higher than \$800 million.

For policy recommendations, staff continues to advocate for wastewater primacy as discussed at last month's meeting. There is a lot of interest from various stakeholders, including the state, the Authority and many environmental groups and others, about looking at the process to have the Department of Environmental Protection (DEP) take over primacy with regard to NPDES permits. Staff recommends that the Authority work with the stakeholders and the Advisory Board to start looking at this process. This will take some time; Alaska was the most recent state to go through this process, which took three years.

Staff is recommending that a formal study be conducted to quantify the economic benefits of system expansion.

Further, staff recommends that legislation be filed for \$100 million from the state for the purposes of economic development, specifically because the two issues with system expansion are the entrance fee (though the MWRA has become flexible in working with communities on spreading out payments and grace periods) and the community that would like to join having to build the connection to the MWRA system. The cost of that capital expense can be onerous and can provide a deterrent.

This legislation would help to bring water to communities. Once they get the water, they can develop jobs and generate additional tax revenues.

Additionally, the Advisory Board is seeking a 9 MGD regulatory exemption. If we have quantitative analysis that says system expansion is great for the communities that need water and we can get it to them; we get state legislation of \$100 million to create jobs and tax revenues; and then we get stuck in a five to seven year regulatory process just to get these new communities onto our system. The 9 MGD would cover the Tri-Town communities, North Reading and Ashland. This is the short term; the Advisory Board is still committed to streamlining the process for the long term.

The Authority, at the Advisory Board's request, has put together a list of communities that have the potential to hook up to the MWRA system. There are different levels of need and different levels of effort and cost and expense to get water to them. Each community is different. For example, if the ground water trend continues to go downward, any of those communities that are a small ground water supplied entity might benefit from knowing how and what they can do to draw water from the system to help them avoid local measures. This is active marketing and reaching out to the communities that might need help, even if it is not for this year; at least they know what ability they have to hook into the MWRA system if a need should arise.

Staff recommends putting together a task force to specifically talk about police details. If hourly rates double, it would increase the MWRA's budget by millions of dollars and will affect the local communities as well.

Andy Fisk commended the staff, stating that as a newcomer to the Advisory Board, the document is excellent and understandable. Mr. Fisk asked to speak about system expansion policy

recommendations 26, 27 and 29. Mr. Fisk said from the Connecticut River Watershed Council's (CRWC) perspective, we very much support the idea of system expansion for economic development. We appreciate that it does precipitate economic development and we also understand that there are instances where system expansion can stop environmental harm. When the Town of Reading stopped pulling from the Ipswich River that was a good thing.

Mr. Fisk said that the current wording for item 26 in regard to the 9 MGD exemption would not be something that the CRWC could support. That said, we very much understand the frustration with the issuance. For example, it took five years for Reading to get through that process. In terms of streamlining the process, we would very much support that idea; the exemption we don't support but it at least brings attention to this issue. The CRWC would be very interested in pushing for that process to go quicker. We would also be interested in making sure that these policy recommendations bring forward the idea that there are potential win-wins. For example, when there is system expansion, the idea of looking at downstream flow releases. If there is extra water, in addition to economic development we can also see improvements in environmental quality. I would appreciate if those policy issues stay on the table and we would be happy to help push the discussions on that.

Mr. Favaloro thanked Mr. Fisk and noted that one of the things heard from Mr. Romero's presentation is that this is not in lieu of a streamlined process, this is a jump start that will instill and hopefully ensure that it brings all the parties to the table to create the streamlined process that we all asked for and all need. From the Advisory Board staff's perspective, it is attention getting that we are looking for an exemption. If, in fact, it occurs, it wouldn't be in lieu of trying to get a streamlined process. The process needs to be jumpstarted. Perhaps we need to strengthen the language within the recommendation that talks about our support of the need and absolute importance of a streamlined process and it ought to be jumpstarted with the 9 MGD so we are not stuck waiting for the streamlined process to occur.

Mr. Fisk said in regard to the 9 MGD, one of the concerns is you can do a streamlined process for the donor basin easy enough; with the recipients, there are questions there. If you have economic benefit in the short term from system expansion, however, a small watershed is significantly developed and there are significant storm water impacts to the receiving streams, then you have created a problem down the line. We all know that issues surrounding storm water are a big deal in Massachusetts. We understand that the question of so-called "smart growth" and imposing that in this process is very difficult; we just want to be sure that if 9 MGD is really it for a long time that we are not creating problems in the receiving communities and we can try and sort through that.

Chairman Dunphy said it is good to hear another voice and we may not always be in agreement but we may be able to come to a consensus that is good for everybody.

A Motion was made **TO APPROVE THE MWRA ADVISORY BOARD'S INTEGRATED COMMENTS AND RECOMMENDATIONS ON THE MWRA'S PROPOSED FY13 CIP AND CEB**. It was seconded and passed, with Mr. Fisk opposed to the recommendation on a 9 MGD regulatory exemption.

Operations Committee – Lou Taverna

❖ **CHANGES TO EPA'S UNREGULATED CONTAMINANT MONITORING RULE** – Betsy Reilley – Senior Program Manager, Quality Assurance

Betsy Reilley, Senior Program Manager with Water Quality Assurance in the Field Operations Division noted changes made to EPA's Unregulated Contaminant Monitoring Rule (UCMR). This is the third UCMR so it is UCMR3 and it was issued on May 2. UCMR3's requirements are that all communities serving a population of greater than 10,000 must monitor for 21 contaminants in their systems. It is quarterly monitoring over a one-year period and it is two locations per system.

Systems with a population greater than 100,000 will have to monitor for an additional seven contaminants. EPA will also randomly select smaller systems to participate in this program as well.

Previous samplings allowed regional systems like the MWRA to collect as a single system, which allowed the MWRA to handle all of the requirements of the program, including the sampling and reporting aspects; UCMR3 does not allow that. Every community has to do the sampling.

The sampling is not straight-forward because there are a lot of different bottles with preservatives in them. Then there is preservation that must be done while the samples are being collected so it really is a tricky task for most of our systems.

The program is spaced over three years so communities have some latitude on when to start but then the samplings must be done in four consecutive quarters. The program will run from January 2013 through December of 2015.

There are a few options by which this program can be handled: 1. the communities can coordinate with an outside laboratory; 2. the communities can do the scheduling with EPA, collect the samples and do the required reporting; or 3. the MWRA can handle it. MWRA staff can talk with the communities on how to coordinate with EPA on a community's behalf. MWRA could identify the sampling sites, collect the samples for you and coordinate with the lab and pay the lab and handle all of the reporting aspects.

Mr. Favoloro took a sampling of how many communities would go with each option. Option 3 received the most votes.

Mr. Favoloro said we talked about the role of the MWRA with the communities and this is one of those examples where the MWRA always comes to the table and offers a level of service that you don't always see. Be it in the sampling program and testing, be it in emergency management, this is what we are talking about when we talk about the coordination and the role of the MWRA in working with its customers.

F. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:36 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,


Lou Taverna, Secretary