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MWRA ADVISORY BOARD MEETING

JUNE 21, 2012

CARY HALL

1605 MASSACHUSETTS AVENUE, LEXINGTON, MA – 11:30 A.M.

MINUTES APPROVED AT THE OCTOBER 18, 2012 MEETING

Fifty-two people were in attendance, including thirty-two voting members: Mike Rademacher, ARLINGTON; Richard Warrington, BEDFORD; Michael Bishop, BELMONT; William Foley, BOSTON; Jay Hersey, BROOKLINE; John Sanchez, BURLINGTON; Tim MacDonald, CAMBRIDGE; Mike Trotta, CANTON; Andrew DeSantis, CHELSEA; Jason Mammone, DEDHAM; Glen Doherty, EVERETT; J. R. Greene, Barbara Wyatt and Richard Palmer, GUBERNATORIAL APPOINTEES; Bill Hadley, LEXINGTON; Amy McHugh, MARBLEHEAD; Cassandra Koutalidis, MEDFORD; Katherine Haynes Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernard Cooper, NORWOOD; Michael Coffey, QUINCY; Jeff Zager, READING; Robert King, SOMERVILLE; John DeAmicis, STONEHAM; John Mitchell, STOUGHTON; Carol Antonelli, WAKEFIELD; Walter Woods, WELLESLEY; Bob Angelo, WESTWOOD; Ken Morse, WEYMOUTH; Zig Peret, WILBRAHAM; Michael Woods, WILMINGTON.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; George Burnell, LEXINGTON; Joseph Welch and Christopher Grant, NORWOOD; Joe Lobao, WILMINGTON; Ed Bretschneider, WAC; Lexi Dewey, WSCAC; Fred Laskey, Michael Hornbrook, Rachel Madden, Kevin McCluskey, Kathy Soni and K. Ferguson, MWRA STAFF; Joe Favaloro, Matthew Romero, Maggie Kenneally, Mary Ann McClellan and Cornelia Potter, MWRA ADVISORY BOARD STAFF.

A. APPROVAL OF THE APRIL 19, 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 APRIL 19, 2012 MINUTES OF THE ADVISORY BOARD**. It was seconded and passed by unanimous vote.

B. REPORT OF THE EXECUTIVE DIRECTOR

MWRA Advisory Board Executive Director Joseph Favaloro stated one topic that we have discussed at length over the past few years is Other Post-Employment Benefits (OPEB) and its liabilities. The Massachusetts Municipal Depository Trust came out with a piece on implications for cities and towns, authorities, etc. The article talks about the impacts of OPEB over time. (The article was provided to members.)

A second issue is the Forestry Program and the study being conducted by a scientific panel led by Professor Barten of U-Mass. The Committee will be having a full discussion tomorrow at U-Mass/Amherst where the committee members and the Chairman will have an opportunity to look at the eight-chapter report and hopefully make recommendations and approve the report to allow the public process to begin. There will be a series of public hearings on the plan and hopefully by early fall an approved and working forestry program once again at our reservoirs.

In that regard, staff came across a news story that is provided for members about the importance of maintenance upon a forest and the impacts of just leaving it alone to grow out. The article talked about

the relationship between a massive forest fire on the west coast and just allowing a forest to continue without maintenance.

Lastly, Dr. Richard Palmer, the Advisory Board's newest member appointed by the Governor to represent the Connecticut River Valley, is in attendance. Dr. Palmer stated that he is the Chair of the Department of Civil and Environmental Engineering at U-Mass/Amherst. For 27 years before that he was on the faculty of the University of Washington/Seattle. Dr. Palmer's research has been on climate change and its impacts on resources.

C. PRESENTATION: MWRA YEAR IN REVIEW – Fred Laskey, MWRA Executive Director

MWRA Executive Director Fred Laskey provided members with a presentation on the MWRA's efforts over the past fiscal year.

Mr. Laskey said the Combined Sewer Overflows (CSO) Program, on which the Authority has spent close to a billion dollars, is coming into its final stages and the results of the projects are starting to be seen. Last summer was the first summer that the new South Boston CSO Program was online and the results were astounding. Despite a wet summer, the decline in high bacteria readings was dramatic. The program has been a success.

It is important to note that when there were beach closings, most were in Pleasure Bay, which is a man-made "bowl" that has no stormwater. It has no ability to get CSOs into it, there are no storm drains and yet the bulk of the closings on South Boston beaches last year were in Pleasure Bay. The question is why? The preliminary thought is that it is related to dogs. This is an issue that is going to have to be vetted. The *Boston Globe* called the other day wanting to know why the beaches are closed and we really couldn't say. At some point we have to say this is a natural eco-system; it is not a chlorinated swimming pool. If there are going to be outside influences, especially if you have two million people living within a short drive from the beach, there are going to be some issues.

MWRA beaches did well in being rated by Save the Harbor/Save the Bay, with the exception of Tenean Beach. There is a storm drain and a brook in that area.

Compared to other CSO programs around the country, MWRA is doing well. Once the CSO projects are complete, there will be a five-year reassessment period, which is important financially.

Mr. Laskey also discussed redundancy/storage projects, including the southern spine, which will provide redundancy for Quincy, Milton and southern Boston. Other projects discussed were the rehabilitation of the Hultman, the interconnection under Route 128 between Stoneham and Reading, ultraviolet disinfection at the Carroll Water Treatment Plant and the Lynnfield/Saugus pipeline project.

Mr. Laskey noted that Deer Island's maintenance program will continue on an ongoing basis.

System demand continues to drop. If the five-year trend continues to drop, it will continue to wreak havoc in the setting of water rates. System expansion is part of the way to alleviate this issue. The MWRA continues to have discussions with the Advisory Board on ways to attract communities in. The Advisory Board has recommended an interest-free 25-year entrance fee payment option, with a three-year grace period. That has drawn some attention from communities.

Two consultant studies were conducted this year. A staffing study, recommended by the Advisory Board, that is a comparison by functional area compared to the MWRA's peers around the country. Overall, the MWRA did well and there was a recommendation to reduce up to 50 positions. The issue of succession planning was also raised, due to the average age of MWRA's seasoned staff.

An Information Technology study was also undertaken regarding where the Authority should go in the next five years technologically. The study found that the MWRA's operational systems work well; however, it suggested that the Authority should look strategically going forward in terms of the organizational structure of this division.

The Authority has settled all five collective bargaining contracts with its unions this year. Additionally, the MWRA participated in a national drill orchestrated by Homeland Security. The Authority did well in the drill.

The Local Financial Assistance Programs continue to be popular and communities are utilizing these funds well.

The MWRA has also enhanced its training program under the new DEP requirements; MWRA staff has trained 161 of its member communities' employees in various emergency response and confined space training.

On the financial side, the Authority continues to try to take advantage of the historically low interest rates. A recent bond deal, which came in as an all in TIC of 3.93%, was the lowest ever achieved by the Authority and provided the MWRA with \$5.2 million in present value savings. This deal helped to reinforce the MWRA's strong bond rating.

The Advisory Board pushed for a Long-Term Rates Management Committee, which has had several meetings to look at the long-term picture and how to deal with the rates in a multi-year rate strategy.

The budget recommendation was an increase of 3.9%. The Board asked for three alternative options. Staff is providing two options, 3% and 3.49%, (3.25% made very little difference between the other two). Staff will provide a comparison on what these increases would do for long-term rates.

Staff continues to push for Debt Service Assistance (DSA).

MWRA received the platinum award from the National Association of Clean Water Agencies because Deer Island has gone five years without a violation of its permit; that is no small task. Mr. Laskey said it is a tribute to the dedicated men and women that run that plant.

The CSO program also won an award from the National Association of Clean Water Agencies and the Commonwealth recognized the MWRA for alternative and renewable energy efforts.

Most notable, the MWRA won the "Best Drinking Water in New England" cup as well; which has been circulated throughout MWRA's facilities.

D. COMMITTEE REPORTS

Executive Committee – Katherine Haynes Dunphy

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

Chairman Dunphy stated that the Executive Committee, acting as the Nomination Committee, has nominated Andrew Pappastergion to serve as the Advisory Board's representative on the MWRA Board of Directors.

Hearing no nominations from the floor, a motion was made **TO NOMINATE AND ELECT ANDREW PAPPASTERGION TO SERVE AS AN ADVISORY BOARD REPRESENTATIVE ON THE MWRA**

BOARD OF DIRECTORS FROM JULY 1, 2012 TO JUNE 30, 2015. It was seconded and passed by unanimous vote.

Mr. Pappastergion thanked members for their support.

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro said DSA was in the House budget but not in the Senate version. The House and Senate are now in Conference Committee and the goal is a nominal amount of \$500,000 to keep the line item open.

The Bottle Bill was officially put into study killing it for this session.

Finance Committee – Bernard Cooper

❖ **STATUS OF FY13 BUDGET REVIEW**

Through the Advisory Board's *Comments and Recommendations* approved last month, discussion is now between 3% and 3.49%. Mr. Favaloro noted that the rate revenue requirement increase for FY13 will likely be 3%.

In terms of policy recommendations made by the Advisory Board, the Authority has been mostly receptive. Staff is hoping that the Board will be active on its policy recommendations, such as primacy.

Operations Committee – Lou Taverna

❖ **PREVIEWING FY13 INITIATIVES**

Mr. Favaloro said the Operations Committee will have three significant issues to discuss this year. First is to reconvene a Water Rate Methodology Committee to discuss standby fees for communities that might like to have the MWRA as their "Insurance Policy" just in case they need water.

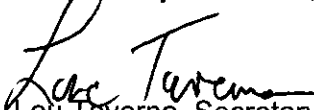
The second issue is that the wastewater metering system is about a decade old. There are approximately 263 meters on 1,600 wastewater connections. Some measure direct flow and others have to add or subtract another community's flows. Authority staff and Advisory Board staff thought it would be a good time to step back and see if there is something that would be more successful. Before moving forward on wastewater metering, communities have to agree on certain principals.

The third issue was also an Advisory Board recommendation. What other types of services are mutually beneficial between MWRA and the communities? Is there a way to get all communities and their police details on the same page? Advisory Board staff feels it would be helpful to bring the stakeholders together to see if certain standards could be developed.

E. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:43 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,


Lou Taverna, Secretary