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**MWRA ADVISORY BOARD MEETING<sup>1</sup>  
SEPTEMBER 20, 2012  
WATERWORKS MUSEUM  
2450 BEACON STREET, BOSTON, MA 02467**

**MINUTES APPROVED AT THE OCTOBER 18, 2012 MEETING**

Fifty-six people were in attendance, including twenty-three voting members: Mike Rademacher, ARLINGTON; Richard Warrington, BEDFORD; Peter Castanino, BELMONT; John Sullivan, BOSTON; Jay Hersey, BROOKLINE; John Sanchez, BURLINGTON; Andrew DeSantis, CHELSEA; Bill Hadley, LEXINGTON; Dan O'Neill, LYNN; Charles McCollum, MARBLEHEAD; Cassandra Koutalidis, MEDFORD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Bernard Cooper, NORWOOD; Michael Coffey, QUINCY; Jeff Zager, READING; Nick Rystrom, REVERE; Robert King, SOMERVILLE; Patrick Fasanella, WALPOLE; Walter Woods, WELLESLEY; Jeff Bina, WEYMOUTH; Zig Peret, WILBRAHAM; Joe Lobeo, WILMINGTON.

Also present: John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Michael Bishop and Sumner Brown, BELMONT; George Burnell, LEXINGTON; Davis Scribner, PEABODY; Richard Brewer, RANDOLPH; Robert O'Brien, WALPOLE; Ed Bretschneider, Mary Adelstein, Taber Keally, WAC; Lexi Dewey, Whitney Beals, Alice Clemente, Jerry Eves, Dona Motts, WSCAC; Don Walker, AECOM; Fred Laskey, Michael Hornbrook, Ria Convery, Pam Heidell, Marcis Kempe, Steve Estes-Smargiassi, Kevin McCluskey, Kathy Soni, Dave Whelan and David Liston, MWRA STAFF; Joe Favaloro, Matthew Romero, Maggie Kenneally, Mary Ann McClellan and Cornelia Potter, MWRA ADVISORY BOARD STAFF.

**A. APPROVAL OF THE MAY 17, 2012 MINUTES OF THE ADVISORY BOARD**

Chairman Katherine Haynes Dunphy called the Advisory Board meeting to order at 11:44 a.m. A motion was made **TO APPROVE THE MAY 17, 2012 MINUTES OF THE ADVISORY BOARD**. It was seconded and passed by unanimous vote.

**B. WELCOME FROM THE WATERWORKS MUSEUM – Beryl Rosenthal, Executive Director**

Beryl Rosenthal, Executive Director of the Waterworks Museum, welcomed everyone to the Museum and invited members to take a tour after the meeting. MWRA Advisory Board Executive Director Joseph Favaloro thanked Ms. Rosenthal for her hospitality.

<sup>1</sup> *The September Advisory Board meeting also served as a joint meeting of the Wastewater Advisory Committee and the Water Supply Citizens Advisory Committee.*

### **C. REPORT OF THE EXECUTIVE DIRECTOR**

Mr. Favaloro noted that Wastewater Advisory Committee (WAC) Executive Director Ed Bretschneider has done a phenomenal job with WAC; however, he is moving on to other challenges. Since this is a joint meeting, staff felt this was the appropriate time to thank Mr. Bretschneider for his efforts; a certificate of appreciation was presented to Mr. Bretschneider in appreciation of his 11 years of dedicated advocacy on wastewater issues. Mr. Bretschneider stated that he has enjoyed working with MWRA and Advisory Board staff and offered his thanks.

Mr. Favaloro said last month the MWRA and the Advisory Board dedicated a bench at Shaft 5A on the walking trail to Walter Woods. To commemorate that in a more lasting way, thanks to the efforts of Ria Convery at the MWRA, a framed photo was presented to Mr. Woods. Mr. Woods expressed his thanks.

### **D. PRESENTATION: MWRA'S PRIORITIES FOR FY13 – Fred Laskey, MWRA Executive Director**

MWRA Executive Director Fred Laskey stated that succession planning is a huge issue for the Authority; the average age of MWRA employees is 52, with the average years of service at 18.5 years. Further, 40% of the MWRA's workforce is age 55 or older; 67% of the MWRA's senior managers are age 55 or older. This is occurring during a period of a declining payroll as staffing trends continue to move downward. The Authority has been using attrition to reduce the payroll to save on the budget. While the MWRA is trying to shrink the workforce, it has an older group of employees and many are beginning to retire. There are some areas within the Authority where there is a whole group of people within retirement age that have a huge amount of institutional knowledge and expertise that comes with years of experience.

Staff is working on succession planning. The Authority has been investing in automation to run and track maintenance of its facilities; however, there is still a need for employees to ensure that these facilities are run correctly. Extensive standard operating procedures are in place at each facility, as well as emergency response plans. Cross-training has become very important. For instance, all the wastewater field operations personnel at all levels are cross-trained at all the facilities so the MWRA will never be in a situation where an employee only knows how to take care of the equipment at only one facility. Selective recruitment is also important because there are technical skills that are of concern to the Authority.

Mr. Laskey stated that the Authority has made great strides on redundancy initiatives, particularly in the Hultman. The Authority has awarded the pump station project at the Carroll Water Treatment Plant, which will give the MWRA redundancy from the Wachusett Reservoir to Marlborough. A big issue is Shaft 7. About 75 to 80% of the water that the MWRA delivers on a daily basis comes through this shaft; if it were to experience a failure, it would affect most of the MWRA service area. There have been plans to provide redundancy; however, the plan has always been delayed because of cost.

The Waterworks Master Plan of 1937 indicated the importance of the Northern Tunnel loop, which was the redundancy. They were going to run a line up and around to the north and have a loop that would give the north redundancy. In the 1950s, when the City Tunnel was built, they

actually put a stub out in Weston, heading east to Watertown, so that shaft along the Charles River has a stub that heads east for a certain point with the idea that somewhere in the near future that the northern loop would be built and attached to it.

In the 1960s, when they built the City Tunnel Extension that runs from Chestnut Hill to the Malden/Medford line, they included a stub at Shaft 9 in Somerville heading west in direct alignment with the shaft that sits out at Weston. Again, the idea was to connect the two, but they never got to it.

In the 1980s, as the Authority was being created, the Anderson-Nichols study reinforced the need for this redundancy. In the 1990s, when they were looking at the MetroWest Tunnel, one idea considered was to have the MetroWest continue on to Chestnut Hill and another option, instead of doing the tunnel, was to run it into the Sudbury Aqueduct. For almost 80 years, the water planners and engineers have viewed this as a priority but never got it going. At the past Board meeting, the Board awarded the preliminary design and environmental impact project for this project. It has an estimated construction amount of \$500 million to move it forward. It will likely be four to five years before it will be included in the CIP but this is something that staff believes it is time to move forward on.

Overall, redundancy projects account for \$700 million in the current Capital Improvement Plan.

Currently we have areas where there are single lines and repeated single points of failure that could cause some member communities some real problems. For instance, the southern extra high is one line down through the Stoughton, Norwood and Canton area; it is an older line and if it goes, there will be problems. It is currently on hold while discussions continue with Tri-Town.

The northern intermediate high is critically important to go up into Reading, Stoneham, Woburn, Wilmington and Wakefield. It is all critically important to those communities.

MWRA is building the Lynnfield/Saugus pipeline on Route 1. Probably the most important of all of these is the WASM3 that runs from Weston up across Waltham, Belmont, Arlington and into Medford. That is a critical single point of failure. The Authority is getting ready to do a project that would connect from Arlington and Lexington down to Waltham.

In regard to system expansion, discussions continue with a number of municipalities, including Ashland, North Reading and Tri-Town (Braintree, Randolph and Holbrook). There are a lot of issues that revolve around that, including some of the redundancy projects and making sure there are adequate supplies to those geographic areas. There are also regulatory issues involved. These are relatively small amounts of water in the overall picture. Usage continues to either drop or remain steady. So the question is can we convince these communities to join? The Advisory Board has been aggressive in pursuing these communities. Advisory Board members have approved the modification of the entrance fee to go to no interest, with a 25-year payment plan and a three-year moratorium on the first payment. That has been well received by the people we are discussing water system expansion with. It makes a dramatic difference in the MWRA's ability to become competitive to the communities rebuilding their own systems.

There are other angles to this as well, which include the environmental benefit to those basins and there is a modest amount of revenue that comes in that helps the MWRA and the other communities.

The cleanup of Boston Harbor, the Deer Island Project and the CSO Program gained the Authority national notoriety; however, it has come at a great cost and a great burden on the member communities and the customers that pay the bill. Just when staff thought there would be some relief because of the completion of these projects, all of a sudden there are new regulatory requirements for wastewater coming. It seems clear where EPA and the regulators are going; all of the communities have felt the squeeze on stormwater. Some of the requirements that are being placed on the communities are substantial. Looking at permits that have been issued to other jurisdictions, it seems clear that the regulators are going after sanitary sewer overflows (SSOs). Depending on the level of SSO control, it is very expensive. The MWRA has had issues with SSOs in its service area; they are unavoidable. The question is how do you deal with it? Mr. Laskey said, frankly, to get some massive hydraulic relief north of the city could be a billion dollars. The answers aren't easy.

One of the things that EPA is looking at is co-permittees. In other jurisdictions there have been co-permittees and staff believes that is where EPA is heading with the MWRA's next NPDES permit; staff believes that EPA is going to attempt to list the member communities as co-permittees. This would allow them to issue one NPDES permit for 40 communities through the MWRA. What is that going to mean? One of the things that EPA is looking for is Infiltration/Inflow (I/I). MWRA Chief Operating Officer Michael Hornbrook stated in the draft permits EPA just issued to the Charles River Water Pollution District and another company, Hoosick River, they are linking excessive I/I with SSOs. By issuing a co-permittee, the municipality will now have a permit for operation and maintenance of its collection system. EPA defines excessive I/I from a 1984 report, which was 275 gallons per capita per day in wet weather and about 125 gallons per day in dry weather. Many of the MWRA's communities are above those limits. So what they are saying is, as co-permittees, you, as a system operator, will develop an I/I program to reduce your own excessive I/I, and, therefore, in their minds, reduce SSOs. In part of that I/I Program, communities will have to develop inflow removal programs.

Mr. Laskey said it is startling to think that the MWRA has issued \$7.1 billion in bonds since the Authority was created and has only paid off \$1.5 billion of that principal. The Authority has \$5.6 billion in total indebtedness right now if it doesn't spend another dime. This happened because of the pressure on the rates and, frankly, because of the loss of state debt service assistance (DSA). MWRA had counted on a 20% participation from the state in paying those bonds, which were eliminated. MWRA was supposed to get \$60 million per year and that loss caused a huge rate shock. It caused the Authority to have to try to relieve the pressure on the rates through bond restructuring. Staff had to try to figure out how to pay the debt service payments in a way that provided rate relief. In the next ten years, much of the principal is coming due. The MWRA needs to hold the line and attack these principal payments in order to continue to be viable going out into the future.

The MWRA has \$42 million in unfunded pension liability, with a plan to pay that off on a regular steady basis by 2024 rather than 2040 (as some entities plan to do). Additionally, the Authority is required to treat Other Post-Employment Benefits (OPEB) the same way that the pension is treated. The current plan is to fully fund the pension by 2024 and then to start putting money into

OPEB. This plan has been viewed positively by the rating agencies. The OPEB obligation will be approaching \$120 million by 2015 and will continue to grow.

The multi-year rate strategies have worked well for the Authority over the years but there is always the lure to provide short-term relief. Mr. Laskey says he wants to ensure that the MWRA does the responsible thing in paying the bills in a responsible way and not to take the easy road. The choice is to pay now or pay more later. Staff has strategies to work to keep rates within the realm of inflation, including the release of the Reserves, which was pushed by the Advisory Board. The bottom line is that retail rates for water and sewer bills have quadrupled. The MWRA can't lose track of the fact that it is putting a heavy burden on its ratepayers.

## **E. COMMITTEE REPORTS**

**Executive Committee** – Katherine Haynes Dunphy

### **❖ ACTION ITEM: NOMINATION AND ELECTION OF FY13 EXECUTIVE COMMITTEE**

Chairman Dunphy stated that the Executive Committee, acting as the Nomination Committee, has offered the proposed slate for the FY13 Executive Committee. Hearing no nominations from the floor, the following slate was submitted for consideration by the full Advisory Board:

Chair:	Katherine Haynes Dunphy, Milton
Vice Chair of Finance:	Bernie Cooper, Norwood
Vice Chair of Operations:	Lou Taverna, Newton
Secretary:	William P. Hadley, Lexington
Treasurer:	John P. Sullivan, Boston
At-Large:	Carol Antonelli, Wakefield
	John DeAmicis, Stoneham
	Andrew DeSantis, Chelsea
	Robert King, Somerville
	Timothy MacDonald, Cambridge
	Daniel Nason, Northborough
	Zigmund Peret, Wilbraham
	John Sanchez, Burlington
	Walter Woods, Wellesley
	(3) Vacant

A Motion was made **TO ADOPT THE PROPOSED SLATE AS THE FY13 EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

**❖ PRESENTATION: ADVISORY BOARD WORK PLAN FOR FY13** – Joseph Favaloro, MWRA Advisory Board Executive Director

Mr. Favaloro stated that he has put together a “Top Ten List” of planned Advisory Board priorities for FY13.

Number ten is: Who the heck is the “Advisory”? Staff has tried to create an identity that separates the Advisory Board from the Authority through the use of its website, Flickr, Twitter,

press releases and *News & Notes*. Additional documents are the *Comments and Recommendations* and the *Annual Water and Sewer Retail Rate Survey*. Staff continues to try to find a better way to improve communications.

Number nine is: Dam it, it's not our job! Mr. Favaloro said there have been issues between the MWRA and the Division of Water Supply Protection (DWSP). One of the biggest issues relates to dams. The state is actively attempting to get the MWRA to make repairs to dams that are not related to the water supply and the Advisory Board continues to fight that. Further, a year ago, DCR came in to talk about the Forestry Program and the Science and Technical Advisory Committee report, which still has not been completed. There is no forestry work being done and no indication as to when this work may continue. While all of this is going on, the state still wants the Authority to build a pipeline for the fish hatchery to help stressed fish.

Number eight is: Did you think the process ended when you flushed? Mr. Favaloro said the biggest operational and technical decisions coming for the Authority are what to do with residuals. The contract with the New England Fertilizer Company expires in December 2015. Will the Authority continue on with the same process or integrate new technologies? Between now and 2048, the Authority has allocated \$160 million associated with residuals. During the next year or two, staff will determine what the next generation of residuals processing is going to look like and how that money will be spent.

Number seven is: The devil is in the details. Mr. Favaloro said this is going to be a huge year for the Operations Committee. The committee will be working on three major issues this year. Police detail costs have tripled and it is becoming a larger line item for construction projects. The Operations Committee will hold a meeting to bring all of the stakeholders together to see if a uniform rate can be developed for the MWRA service area.

Another topic for the committee will be the details behind sewer metering; the current system has been in place for over a decade and it is beginning to show its age.

Number six is: "Is it safe to get back in the water?" Another major issue coming for the Operations Committee is a review of the methodology for the MWRA's wholesale water assessments. Steve Estes-Smargiassi, on the Advisory Board's behalf, has contacted the American Water Works Association to conduct a member-to-member survey of wholesale water users to ask how they create their water assessments and also whether or not they have a "standby" or "right to use" fee.

Number five is: Give me an "A!" Give me a "B!" What does that spell? CRITIC! Mr. Favaloro said this item was meant to be a little "tongue in cheek" based on editorials over the summer that referred to Mr. Favaloro as a cheerleader of the MWRA, rather than a constructive critic. How do we strengthen our role and ensure that we are doing everything in our power to ensure that rates are manageable and that projects are done the way they are supposed to be done and that we move forward in a constructive way.

Number four is: SELL...SELL...SELL! Mr. Favaloro stated that staff has invested much time an energy meeting with communities that are considering joining the MWRA water system. Meetings have been held with Tri-Town, Ashland and North Reading. Expanding the water system is critical.

Number three is: The Regulators are coming! The Regulators are coming! From the Advisory Board's perspective, the idea of co-permittees would change the role of the MWRA and the role of the communities. It would force the MWRA to be an enforcer over communities, when in fact if EPA wants it done, they should work with the individual communities to achieve it. Four years ago, the Advisory Board put an attorney on retainer to get ready to fight the co-permittee issue. Mr. Favaloro said having read through the Charles River decision, it is written in such a way that it would be more difficult to challenge the co-permittee requirement.

Stormwater regulations are the biggest issue coming and EPA is saying that there are no costs associated with stormwater. The Advisory Board believes the costs will be great.

Lastly, a major recommendation in the Advisory Board's Comments this year was the issue of assigning primacy to the state as opposed to EPA Region 1 as relates to wastewater; that has picked up momentum. The legislature seemed to agree and has now formally asked DEP to come back with a position paper on why primacy should or should not move forward.

Number two is: Show me the money! Next month the Advisory Board will receive the first view of the Advisory Board's legislative priorities that need to be filed in January to kick off the two-year legislative cycle. DSA will always be priority number one. Additionally, two new initiatives staff hopes to bring forward are legislation for \$100 million for Economic Development to work with communities that are interested in coming into the MWRA water system to help with the infrastructure costs. If the state picks up the costs, it would allow the opportunity for communities to develop jobs, which will then provide a revenue stream for the state. Further, up to five years ago, the Commonwealth of Massachusetts provided reimbursements to communities and the Authority for chemical use; however, it was taken out of the budget. Staff is trying to get the regulators on board by noting that the chemicals used in the system could be upgraded to "green" chemicals to use in their processes. This could result in \$1 million for the Authority.

Number one is: It's the rates, stupid! Mr. Favaloro said the number one priority for the Advisory Board will always be how to manage rates. The tough years are not behind us, they are in front of us. Staff will work with the Authority and the Long-Term Rates Management Committee to try to find ways to manage rates through the decade.

Another important issue is the next five-year CIP cap for FY14-18, which is going to be set in this fiscal year. Staff has stressed in its Comments the need to reduce that amount of money. This topic will be front and center as part of the discussions for this fiscal year.

**Operations Committee** – Lou Taverna

❖ **DISCUSSION: MAKEUP AND TIMELINE FOR WHOLESALE WATER METHODOLOGY COMMITTEE**

Mr. Favaloro said the Operations Committee and the full Advisory Board will be utilized for presentations. The Operations Committee will not be meeting before an Advisory Board meeting. These issues need a lot of time and discussion. Most likely the meetings will be held at Newton City Hall. Mr. Favaloro noted that both WAC and WSCAC have members that serve on the Operations Committee.

❖ **PRESENTATION: SEWER METERING REVISIT** – Marcis Kempe, Director, Operations Support and Emergency Preparedness

Marcis Kempe, Director, Operations Support and Emergency Preparedness, said on the wastewater side, right after the Authority was created, staff began discussing going with flow-based rates. To support that, there was a filing that was done in 1991 that led to the development of a full-blown system, which arrived in 1994. A wastewater collection system is a little different than a water distribution system; there are many MWRA pipes crossing many communities and a lot of points of entry to the wastewater system to the point that there were thousands of connections. You can't meter each and every one of those so a decision was made on an approach and was adopted in 1994 and it is carried through to today.

Following that, the MWRA had a major meter replacement program that started in 2003 and finished in 2005. MWRA staff came to the Advisory Board to discuss this program and were supported by the Operations Committee that basically looked at how the MWRA was doing its business and some good things came out of it. One of the things Mr. Kempe heard loud and clear from the Advisory Board is that it is all about accuracy and appearance and this is the way that we divide who pays what portion of the assessments.

There was concern about the impact of the change in meters and that different people would have flows that went up and down. Staff put in a one-year period where a somewhat artificial flow was held while meters were installed and a three-year average was used to get through that period. Everyone started at the same time on the new metering system. That was a solution that came from the Advisory Board's input and everyone was comfortable with that solution.

The meters that are in use now were put into the ground around 2005; putting something electronic in the sewers leaves them with a limited lifespan. Ten years is a decent lifespan for a sewer meter. The meters are starting to get to a point where they need repairs and staff doesn't want to get into a situation where there is a huge annual consumption of parts. Staff expects to have replacement of the meters in the FY14-18 stretch and will meet again with the Operations Committee to decide how the process will work.

**F. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 1:16 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,



William Hadley, Secretary