



Advisory Board Meeting

THURSDAY, MAY 17, 2018
11:30 AM

CANTON PUBLIC LIBRARY
786 WASHINGTON STREET
CANTON, MA 02021

Attendees (Voting Members)

Lou Taverna	Newton	Yem Lip	Malden
Michael Rademacher	Arlington	Amy McHugh	Marblehead
Bernard Cooper	Norwood	Jeremy Marsette	Natick
John Sanchez	Burlington	Jeff Zager	Reading
John Sullivan	Boston	Brendan O'Regan	Saugus
David Manugian	Bedford	John DeAmicis	Stoneham
Jay Hersey	Brookline	Eric Sherman	Wakefield
Ralph Pecora	Lexington	William Shaughnessy	Wellesley
Elena Proakis Ellis	Melrose	Joe Lobao	Wilmington
Lou Mammolette	Chelsea	J. R. Greene	Gubernatorial Appointee
Bob Higgins	Hingham	Barbara Wyatt	Gubernatorial Appointee
Moe Handel	MAPC		

Other Attendees

Lexi Dewey	WSCAC	Carl Leone	MWRA
Andreae Downs	WAC	Kristin Hall	MWRA
Scott Dixon	Melrose	Beth Card	MWRA
John Carroll	MWRA Board of Directors	Sean Navin	MWRA
Fred Laskey	MWRA	Joe Favaloro	AB staff
Tom Durkin	MWRA	Matt Romero	AB staff
Kathy Soni	MWRA	James Guidod	AB staff
Matt Horan	MWRA	Lenna Ostrodka	AB staff
Louise Miller	MWRA	Cornelia Potter	AB staff

41 people were in attendance, including 23 voting members.

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Draft Minutes

The Chairman called the meeting to order at 11:38 a.m. The Chairman welcomed members and guests.

A. APPROVAL OF ADVISORY BOARD MEETING MINUTES FOR APRIL 19, 2018

A motion was made and seconded to approve the minutes of April 19, 2018. The motion passed.

B. REPORT OF THE EXECUTIVE DIRECTOR

Mr. Favaloro began his remarks acknowledging a recent town meeting in Burlington at which approval was granted to apply for admittance into the MWRA water service system. On other hand, Walpole voted overwhelmingly to reject applying for admittance into the MWRA water service system.

C. PRESENTATION: MEASURING I/I REMOVAL FROM THE COMMUNITY SYSTEMS

Mr. Favaloro introduced Carl Leone, Senior Program Manager, MWRA Community Support System, noting that stormwater regulations come into effect in July. Mr. Leone opened his remarks with some background of the program and explained why the MWRA wants to help communities fund I/I removal. He showed slides and videos of sewer pipe interiors, taken by TV inspection cameras, as well as manhole covers, examples of tidal flooding, tidal surge and snow melt. He reviewed some of the program’s history, including language from the enabling legislation, and the need to reduce I/I in the service area. [See presentation materials.] In 1987, sewer use rules and regulations were issued, including I/I reduction regulations. In 1984, DEP had a \$100 million 90% grant program to begin to work on community I/I management problems. To stimulate that, there were 19 administrative orders for MWRA communities. The NPDES permit and receipt of federal grant funding required the MWRA to have an I/I reduction program and to require the MWRA to work with the communities on I/I. In 1988, the Deer Island Facilities Plan included the numbers needed to meet the levels of control that would be required. EPA was also reviewing the large interceptor projects at that time, to ensure that pipes were not so large that excessive amounts of groundwater would be removed in the process.

In 1990, MWRA developed its I/I reduction strategy [see Power Point presentation], and began building the wastewater metering system. The Local Financial Assistance Program, which began in 1993, was an integral part of the program, and flow-based rates were introduced in the 1996 budget process, using the 1994 data. He also referenced the severe storms in 1996 and 1998, which highlighted the SSO problem. The 2000 NPDES permit contained a number of requirements including 436 mgd treatment level (as compared to lower levels that had been considered, up to 600 mgd). There was also a dry day limit of 415 mgd. Also referred to was annual reporting on MWRA actions as well as reporting on what the communities were doing. (It is the year 2000 permit that is still in place.) The I/I Task Force was also established with community long-term goals: to eliminate SSOs, eliminate excessive I/I, foster effective O&M for the community and MWRA systems, and the long-term goal of reducing I/I to contain overall wastewater flow.

More recently the MS4 stormwater regulations began and EPA was able to regulate communities by being able to demonstrate that there was sewage in the stormwater discharges. In 2014, EPA revised the regulation 314 CMR 12. Most of the communities submitted an I/I plan by last December. By now, 541 local projects have been funded with about \$352 million. The MWRA is seeing that lower and fewer SSOs are getting into the system than in the 1990s (nor has that flow been allowed to go up). EPA has, in the last week, issued notice that the new permits would be coming by July 1st. Also, the Massachusetts Water Conservation Standards are being reissued. There have been ten phases of I/I funding, and now two more phases are “on the table.” Mr. Leone also noted that estimated flows are on the MWRA’s website as part of an annual report. Also, in answer to a question about the charts that are published, Mr. Leone noted that they are based on information from the previous calendar year. They are available on the Authority’s website. Amounts available to communities should be established with the Board’s deliberations on Phases 11 and 12 in June. Emails are expected to be sent to communities in July.

D. LEGISLATIVE UPDATE

Mr. Favaloro reported that the process to develop the state budget for FY19 is well underway. Debate on the Senate Budget is expected the next week. That budget has no funding for Debt Service Assistance; \$1.1 million is in the House version. There is \$500,000 in the Governor’s version of the budget. Differences are expected to be resolved in conference. The FY18 amount is anticipated to be about \$800,000. Discussions are also being held with the Infrastructure Committee regarding the funding needs of the infrastructure study. Also, the recent Supreme Court ruling on sports betting may result in a significant new revenue stream in the not-so-distant future.

E. CLIMATE CHANGE WORKSHOP AND MEETING OF THE ADVISORY BOARD TO ELECT A REPRESENTATIVE OF THE ADVISORY BOARD TO THE MWRA BOARD OF DIRECTORS

Mr. Favaloro reported that so far, nearly 100 people have registered for the upcoming Climate Change Workshop, scheduled for June 15. He noted that the workshop speakers include opening remarks by the regional administrator of EPA, while closing remarks are to be provided by the former national administrator of EPA. A number of experts and other representatives will be speaking to the state perspective, the MWRA's perspective, Boston, and the environmental secretary plus a number of other speakers and panelists. In between, there will be a short monthly meeting of the Advisory Board to vote on the election of a representative of the Advisory Board to the MWRA Board of Directors.

F. ADVISORY BOARD BUDGET

The Executive Committee, at its regular meeting the previous week, approved a staff recommendation of \$578,516 for the FY19 Advisory Board budget, a 6.7% increase from the FY18 budget. A motion to approve the budget was made and seconded. The motion carried.

G. HIGHLIGHTS FROM THE NEWEA CONFERENCE ON STORMWATER

Staff gave a brief report on the recent conference sponsored by NEWEA on "Enhancing Stormwater Resilience in the Built Environment." Case studies from different communities were discussed, covering examples of "best management practices" being implemented in various cities and towns. More information, including upcoming workshops in the area as well as copies of the case studies from the conference, is available in the stormwater section of the Advisory Board website.

H. ADVISORY BOARD INTEGRATED COMMENTS AND RECOMMENDATIONS TO THE MWRA'S PROPOSED FY19 CAPITAL IMPROVEMENT PROGRAM AND CURRENT EXPENSE BUDGET

Mr. Romero opened his remarks noting that the draft *Comments* are now available in *Highlights* form (at 29 pages) as well as the (nearly) complete full document. The Authority's proposed budget was at 3.9%, while the Advisory Board's review has resulted in a series of recommendations that would reduce the rate increase to 3.07%. He referred to the table at the end of the *Highlights* document that summarizes each monetary recommendation and elaborated on the considerations behind the recommendations. Among the key recommendations summarized were the OPEB and pension-related items, variable rate debt and interest rate assumptions, staffing and vacancy rate assumptions, debt service assistance receipts, anticipated NPDES-related chemical costs, changes to the final budget developed by the Authority staff, and other adjustments to estimates for the Operating Reserve Requirement. Net reductions to the proposed FY19 CEB, as recommended by the Advisory Board, total \$6.01 million.

New challenges raised in the review include the concept of targeting "2.4 by '24", that is, work toward a rate increase of 2.4% by 2024. (See pages 14-16 in the *Highlights* document.) Playing important roles in reshaping projections of future rate increases are the roles of the OPEB and pension payments, including approaches to fund balances and assumed rates of return. (See pages 17-19 in the *Highlights* document.) Comments on the setting of the next five-year capital spending cap emphasize reducing the proposed cap level to below \$1.0 billion, with a target of no greater than \$950 million.

Other ongoing issues discussed include the NPDES permit (such as co-permittees) and updated charges for the TRAC permit fee program, and well as funding for the costs of transferring primacy responsibilities for the NPDES program. A new issue, occurring in April 2018, involves the damages and costs (and lack of insurance coverage) associated with a fire at a DCR facility within the Quabbin watershed.

The Advisory Board staff will be presenting the *Comments and Recommendations* to the MWRA Board of Directors at the May 30 meeting of the Board.

Chairman called for vote for the approval of the Advisory Board's *Comments and Recommendations* on the Authority's proposed capital and current expense budgets. A motion was made and seconded. The motion was approved.

Mr. Favaloro acknowledged the months of discussion and preparation in reviewing and developing the comments and the recommendations on the two budgets by both the Authority staff and the Advisory Board staff. He emphasized the considerable effort on the part of both organizations and the transparency that characterizes the discussion. He noted that that the process works and he stated that the unique relationship between the two staffs is something that he hopes can be replicated by other agencies.

On another note, Mr. Favaloro recognized Beth Card, who joined the staff of the MWRA in December. She will, among other tasks, be taking on some of the responsibilities of Pam Heidel, and is the first new hire that will be working on elements of the multi-year water system redundancy program.

I. ADJOURNMENT

A motion was made to adjourn the meeting at 1:11 p.m. It was seconded and passed by unanimous vote.

Respectfully submitted,

Michael W. Rademacher, Secretary