



Executive Committee Meeting

Friday, January 10, 2014
8:30 AM

Advisory Board Conference Room
100 1st Avenue, Building 39-4
Boston, MA 02129

Attendees

John Sanchez	Burlington	Lou Taverna	Newton	Joseph Favaloro	Staff
Timothy MacDonald	Cambridge	Bernie Cooper	Norwood	Matthew Romero	Staff
William Hadley	Lexington	Michael Coffey	Quincy	Cornelia Potter	Staff
Katherine Dunphy	Milton	John DeAmicis	Stoneham	Travis Ahern	Staff
John Carroll	MWRA BOD	Zig Peret	Wilbraham	Mary Ann McClellan	Staff
Andy Pappastergion	MWRA BOD				

MINUTES APPROVED AT THE MARCH 14, 2014 EXECUTIVE COMMITTEE MEETING.

I. Approval of the November 15, 2013 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:36 a.m. A Motion was made **TO APPROVE THE NOVEMBER 15, 2013 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Legislative Update/Legislator of the Year

MWRA Advisory Board Executive Director Joseph Favaloro invited Executive Committee members to a presentation of the “Legislator of the Year” award to Senate President Therese Murray in recognition of her efforts to bring water and sewer issues back to the forefront.

President Murray’s Infrastructure Bill, Senate Bill 1880, features some very good initiatives that could benefit the MWRA and its communities. Staff will continue with its efforts to support the SB1880. It is going to Senate Bonding next and will find its way back to the Senate and then the House. The goal is to have everything done outside of the budget process, which would allow it to move forward at a quicker pace.

When SB1880 went before the Natural Resources Committee, they added substantially more money into the bill and it was changed to SB1947. Though it would be great to have additional funds, adding these funds has rendered SB1947 dead.

On Thursday, the Advisory Board will officially release its *Study on Investment in Water and Wastewater Infrastructure and Economic Development Report*. The Advisory Board shared a preview of the document with the Mass Taxpayers’ Association, the Pioneer Institute and the Associated Industries of Massachusetts and has contacted numerous media outlets. Additionally, staff has written an article for the Utility Contractors Association of New England (UCANE) magazine, which was provided to the Executive Committee.

Mr. Favaloro noted that staff made a decision three months ago to order thumb drives in order to distribute the *Study on Investment in Water and Wastewater Infrastructure and Economic Development Report* and *2013 Annual Water and Sewer Retail Rate Survey*. It proved to be a good decision because the printing costs for the 222 pages of information, in color, in the *Study on Investment in Water and Wastewater Infrastructure and Economic Development Report* turned out to be \$74 per copy. If this report had been printed for the normal distribution list,

it would have cost nearly \$18,000, more than the cost of the preparation of the document itself. At \$5 per thumb drive and savings on mailing costs for both the report and the rate survey, it proved to be a good decision.

Additionally, these documents can be found on the Advisory Board's website.

The infrastructure bill will be the biggest push for Advisory Board staff legislatively. As of mid-January, Debt Service Assistance has not been 9c'd from the state's budget; therefore, the MWRA will be getting somewhere in the vicinity of \$800,000 at end of March for this fiscal year. Staff has scheduled meetings with the Speaker and House Majority Leader to talk about Debt Service Assistance for next year.

III. Office Update

As of January 2, Travis Ahern has joined the Advisory Board staff as a Finance and Policy Analyst. We have talked at length about the changes in the organization and how responsibilities have been shifted so that the Advisory Board can get the right focus and direction; finance and policy will be supplemented with the third person, Mr. Favaloro will be taking over the monitoring and advocacy on all legislative matters and Matt Romero has been redirected as well in doing communications.

King and Bishop will be doing a compensation study as previously discussed, which does not include the Executive Director's position.

Additionally, there is a plan to standardize office hours.

IV. Status: Co-Digestion Pilot Program

Mr. Favaloro stated that the Advisory Board has been adamant that until the Authority received a "get out of jail free" card in the event that there is a problem because of the co-digestion pilot program, the Authority should not be involved in the program. It took a while for DEP to put a letter together but it has finally been received. For the next year, as the pilot study moves forward, in the event that there is an upset in this process, the Authority will be held harmless.

William Hadley asked if the MWRA will be charging the state per tonnage. Mr. Favaloro said for now, there is no tipping fee. The state also provided grants for some of the necessary facilities that go with it. Matt Romero noted that the Authority will be picking up some of the capital costs because they are related to other existing capital needs on Deer Island; it is not just for the pilot study. It will help other systems as well. Once they determine whether or not the digesters can take this material, they will engage in discussions on tipping fees because they have heard the Advisory Board loud and clear about the fact that it needs to be a generator of revenue on a larger scale. Mr. Favaloro said to further quote on that, not only a money maker – it has to be a lot of money or it isn't worth doing. To the Authority staffs' credit, they did not move an inch until these things were put in play.

Chairman Dunphy asked about the scale of MWRA's investment before a decision is made. Mr. Favaloro said the pilot study is going to show what the costs are and how it interacts with the existing digesters. The Authority has set this pilot study up so that there are decision points along the way to determine if it should go on to the next phase. Staff doesn't know what the final costs will be at this time.

Chairman Dunphy asked if the food waste would go into its own digester or would it be fed into all of the digesters. Mr. Romero said during the pilot study, the materials will be isolated into one digester. If this technology seems

like it would be possible to do it without disrupting the effluent and the treatment process, they would potentially look at scaling it up from there. Cornelia Potter added that this is part of what the pilot study will tell them but there is an assumption that it will be blended into and integrated with other materials for digestion.

Bill Hadley asked what the tonnage per day is that they are expecting out of the pilot program. Ms. Potter stated that it is to start with about ten tons per day and ramp up to fourteen and will go to twenty tons per day. Mr. Hadley asked if the MWRA has to pay Winthrop or does the state pay. Mr. Favaloro stated that it would have to be between the contractor and Winthrop. MWRA Board of Directors member Paul Flanagan had raised some concerns about this process prior to taking the next step. Since the MWRA has moved on to the next step, Mr. Favaloro said he assumed that there has been some consensus between the parties. It would be an absolute non-starter if Winthrop were to seek mitigation from the MWRA.

John Carroll asked how the organic waste is going to get into the digesters. Mr. Favaloro said it would be a piping process and the grant from the state would be applied to that. Mr. Romero noted that the MWRA is now trying to build a system that will get this material into the digester.

Mr. DeAmicis asked if this is going to cost the MWRA anything. Mr. Romero responded that it will cost the MWRA in the capital investment if it gets to the next phase; it would cost the MWRA to outfit the digesters with the method to get the materials into the digesters. However, the MWRA would not only benefit from the additional energy that would be captured but also from the tipping fees.

Mr. Favaloro noted that it is costing the Authority a small amount of money to do the pilot study; however, the pilot study is necessary to determine if they should move forward to the next step. The criteria is not just to break even, it has to generate a substantial amount of money.

V. Action Item: Recommendation of the Operations Committee to Expand the I/I Grant/Loan Program

Operations Committee Chair Lou Taverna reported that the Operations Committee met in December to discuss the expansion of the Inflow/Infiltration (I/I) 45% Grant/55% Interest-Free Loan Local Assistance Program. The committee recommended that the next two phases (Phases 9 and 10) be doubled at \$40 million each. Additionally, the committee recommended a sunset provision be applied to Phases 6 (FY18) and 7 (FY21) for the grant portion of the funding. Phase 9 could be in play as early as 2015. Further discussion is needed as to when Phase 10 would begin.

Mr. Carroll said the reason he recommended the expansion is that he didn't believe the communities were receiving these funds fast enough. This is a very convenient way for communities to get funds for their projects; they do not have to go through an indebtedness process. If they double this, Mr. Carroll said he is sure that a lot of the cities and towns will take advantage of this program.

Michael Coffey said he wished that some data could be shown to demonstrate how effective this program is; intuitively we all know that it is effective.

Mr. Favaloro said regardless if the communities are co-permittees in the National Pollutant Discharge Elimination System (NPDES) permits, EPA is going to be taking more runs at communities and their local systems so having an available amount of funds for communities to address these issues is convenient and is the right direction for communities to move. It may, in fact, keep EPA at bay.

John Sanchez asked if it would be safe to assume that Phases 9 and 10 would be three years apart. Mr. Taverna said the Operations Committee will need more discussion to determine what will trigger Phase 10.

Mr. Coffey asked if anyone had heard of a sump pump removal program where residents have sump pumps connected to the sewer. Mr. Favaloro said the City of Boston has sump pumps connected to the sewer. Mr. Coffey asked if Boston makes the homeowner pay for that; do they provide an incentive? Mr. Favaloro said he believed Boston provided its residents with the opportunity to remove it and BWSC is picking up the costs. Mr. Coffey said that could cost \$2,000 per residence. Mr. Sanchez said on average, Burlington's cost \$10,000 a piece to reconnect the service to a drain system.

Bill Hadley made a motion **TO SUPPORT THE RECOMMENDATION OF THE OPERATIONS COMMITTEE TO CREATE PHASES 9 AND 10 OF THE INFLOW/INFILTRATION (I/I) GRANT/LOAN PROGRAM IN THE AMOUNT OF \$80 MILLION PER PHASE. IN ADDITION, TO CREATE SUNSET PROVISIONS ON THE GRANT PORTIONS OF PHASE 6 (FY18) AND PHASE 7 (FY21).** It was seconded and passed by unanimous vote.

VI. Executive Director Annual Review

Mr. Favaloro said his contract says an annual evaluation should be completed. He suggested a timeframe of February or March.

VII. Approval of the Advisory Board Agenda for January 16, 2014

Authority staff will be at the January meeting to discuss the future of what water and wastewater spending is going to look like.

Another component of the meeting will be an update from Jonathan Yeo on the Division of Water Supply Protection (DWSP), considering that its \$26 million budget comes from the MWRA. Katherine Dunphy and the other Trustees of the Water Supply Protection Trust have done a nice job of keeping the division accountable and moving forward.

Mr. DeAmicis said he is frustrated to see these presentations come up because every year the amount of funding goes up and \$26 million is nearly half of his entire town's budget. Is there anything the Advisory Board can do to control the costs? Mr. Favaloro said in Mr. Yeo's defense, the fastest growing piece of his budget is payment in lieu of taxes. This is a pass-through amount that is part of the division's budget but they have no control over it; the Department of Revenue determines the amount based on statutory law. They are the only entities in Massachusetts that get 100% of their valuation every year. DWSP's operating budget has not grown dramatically.

A short PowerPoint presentation on the Economic Development Report and Water and Sewer Survey will be on the Advisory Board agenda as well.

Mr. DeAmicis asked if there could be a presentation on the I/I program. Mr. Favaloro said he will have Carl Leone come before the Advisory Board on this topic.

Chairman Dunphy said she used to receive a graph on sanitary flow, infiltration and inflow. Perhaps that would be helpful to show to the communities.

A motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE JANUARY 16, 2014 MEETING**. It was seconded and passed by unanimous vote.

Chairman Dunphy stated that the MBTA has had a lot of problems and she thinks it is because its Advisory Board was not paying attention. She stated that she believes that the MWRA Advisory Board does pay attention on what is going on and brings up ideas that start here. Members should keep in the back of their minds, as things get into a steady state, that it is necessary to keep the MWRA on its toes.

Mr. Favaloro said Ms. Potter recently provided him with a factoid and that is that projected capital spending for this fiscal year is at the lowest level since 1988. The MWRA gets it; because of the efforts of the people around this table, the MWRA Board of Directors, Mr. Laskey and MWRA staff, the number keeps getting smaller.

The Master Planning process puts out the needs and from there they can pick and choose which projects need to be done in what order.

VIII. Adjournment

A motion was made **TO ADJOURN THE MEETING AT 9:36 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

A handwritten signature in cursive script that reads "William Hadley".

William Hadley, Secretary