



Thursday March 21, 2024
Remote Connection Via Zoom
10:00 AM

ADVISORY BOARD MEETING SUMMARY

A. Roll call attendance

A commencing roll call was voted as follows:

Name	Community	Vote
Michael Rademacher	Arlington	Here (remote)
David Manugian	Bedford	Here (remote)
John P. Sullivan, Jr.	Boston	Here (remote)
Jim Arsenault	Braintree	Here (remote)
Jay Hersey	Brookline	Here (remote)
John G. Sanchez	Burlington	Here (remote)
Michael Trotta	Canton	Here (remote)
Cate-Fox Lent	Chelsea	Here (remote)
Ernest Lariviere	Everett	Here (remote)
David Pavlik	Lexington	Here (remote)
James Finegan	Lynnfield W.D.	Here (remote)
Yem Lip	Malden	Here (remote)
Amy McHugh	Marblehead	Here (remote)
Timothy McGivern	Medford	Here (remote)

Name	Community	Vote
Elena Proakis Ellis	Melrose	Here (remote)
Chase Berkeley	Milton	Here (remote)
Mike Retzky	Needham	Here (remote)
Mark Ryan	Norwood	Here (remote)
Chris Cole	Reading	Here (remote)
Brian Postlewaite	Somerville	Here (remote)
Sam Stivers	Southborough	Here (remote)
Eric Sherman	Wakefield	Here (remote)
Patrick Fasanello	Walpole	Here (remote)
David Cohen	Wellesley	Here (remote)
Joseph Lobao	Wilmington	Here (remote)
J.R. Greene	Quabbin and Ware Watershed	Here (remote)

B. Consent Agenda Items

The consent agenda items included:

- *Approval of the Advisory Board meeting minutes from February 15, 2024*
- *Process to elect an Advisory Board representative to the MWRA Board of Directors*

A motion was put forward to approve the consent agenda items as listed. It was moved by David Manugian, seconded by Michael Rademacher, and moved to the omnibus vote at the end of the meeting.

C. Executive Director’s report – Matthew Romero

The Massachusetts Department of Environmental Protection (MassDEP) has posted for public comment tentative determinations to adopt variances for combined sewerage overflow (CSO) discharges to the Alewife Brook, Upper Mystic River, Lower Charles River, and Charles River Basin. A 45-day public notice period ends on April 22, 2024. MassDEP will accept comments during this period and will host two virtual public hearings on March 28th, the first at 1pm and the second at 6pm. Advisory Board staff has published a blog post on this. As is common practice, the Advisory Board will be submitting written comments by the April 22, 2024 deadline and Matthew Romero will be attending the 6pm hearing.





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The MWRA Board of Directors (BOD) approved the proposed increase in toxic reduction and control (TRAC) fees at their February 2024 meeting. The fees are not yet finalized, but the BOD recognizes the importance of increasing fees by a predictable and reasonable amount each year to not fall behind as has happened in the past.

The National Association of Clean Water Agencies (NACWA) has provided a template for communities to respond to the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The Advisory Board has previously submitted comments on the MWRA's concerns about being liable for cleaning up PFAS chemicals rather than the actual polluters. NACWA is suggesting MWRA community members use their template letter to send to legislators.

Draft pages of the 2023 Water and Sewer Retail Rate Survey have been sent out to communities for review prior to final publication. Because of the lateness and timing of this year's survey, the Advisory Board will be releasing the report in stages, prioritizing MWRA communities first.

- D. Town of Wilmington request for increase to annual withdrawal volume and entrance fee waiver**
A motion was put forward to recommend approval of Wilmington's application for receiving additional water from the MWRA water system under MWRA operational policy #10 as an "Additional Purchase Community" as noted in Rider One approved by the MWRA Board of Directors on September 15, 2022 for the amounts and reasons noted in the meeting materials provided. It was moved by David Manugian, seconded by Michael Rademacher, and added to the omnibus vote at the end of the meeting.
- E. Advisory Board Public Hearing on the MWRA's Proposed FY25 CEB & CIP – Tom Durkin, MWRA Director of Finance; Michael Cole, Budget Director; Matt Horan, Deputy Director of Finance/Treasurer; James Coyne, Budget Manager**

The FY25 Proposed Current Expense Budget was \$899.9 million, a 2.9% increase over FY24. Direct Expenses total \$320.7 million in FY25, an increase of 1.5% from FY24. Wages & Salaries increase \$7.9 million or 6.1% over FY24, which funds 1,167 full-time equivalent positions. It includes a Vacancy Adjustment reduction of \$4 million. Maintenance increased \$5 million, or 13%, which is mainly driven by the combustion turbine generator control system replacement at Deer Island with anticipated spending of \$2 million, as well as the human machine interface (HMI) system upgrade of \$1 million at Deer Island. Chemical prices dropped 83.5% from FY24, with Sodium Hypochlorite and Ferric Acid being the main drivers. Favorable contract pricing is driving the year-over-year reduction.

Indirect Expenses are \$74.1 million for FY25, an increase of \$3.7 million or 5.3% over FY24. The largest driver is an increase in Pension of \$7.7 million or 48.5% over FY24. An additional \$7.7 million was added to FY25 to help assist in reaching full funding by the year 2030. Watershed Reimbursement increased \$1.8 million or 5.8% over FY24 driven by higher Wages and Salaries and Fringe Benefits. The MWRA's General Bond Resolution requires a balance of one-sixth of annual Operating Expenses, requiring a \$2.1 million Additions to Reserves for FY25, a decrease of \$5.8 million or 73.6% from FY24.

Capital Finance includes funding for about \$600 million in borrowing to fund capital program over multiple years of capital construction. A variable interest rate was assumed at 4.75%. Surpluses associated with debt service have been used to reduce future year debt service with defeasance strategies, which helps reduce rate increases. Without the use of defeasance, the FY24 rate increase of 2.4% would have been 8.2%.



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Executive Director



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Available funds for defeasance are tied directly to water and sewer utilities. FY25 proposed revenue is \$899.9 million, overall increasing by 2.9% or \$25.7 million. Rate Revenue makes up 95% of this total. Non-Rate Revenue combined is increasing only 1.5%. At this point, no Rate Stabilization is planned in FY25. Projected Rate Revenue change is 3.0% for FY25, and 3.3% for FY26 and FY27. Water has a projected Rate Revenue change of 3.9% and sewer at 2.5%.

The top ten capital projects are driving 33.4% of Capital Improvement Plan (CIP) for FY24-28, including Clarifier Rehab Phase 2 construction of the Deer Island Treatment Plant Asset Protection project, as well as Final Design of the Metro Tunnel Redundancy project, among others. From FY90-23 an average of \$259 million per year was spent related to the CIP. There is a projected average of \$373 million per year for FY24-28.

The MWRA is amid the Spring Revisit process, and edits to the PFY25 budget are anticipated by the end of March 2024. A public hearing is scheduled for April, the draft final is expected to be given to the MWRA BOD in May, and staff anticipate adoption of the FY25 budget in June.

Bruce Spencer, WSCAC, asked what the MWRA's main assets are and if these include watersheds and reservoirs. Thomas Durkin stated that the MWRA's balance sheet contains about \$7 billion worth of assets made up of historical cost and net accumulated depreciation. These include Deer Island, Carrol Treatment plant, all wastewater and water treatment lines, all infrastructure is considered an asset that sits on the balance sheet. These assets depreciate, and amortization of debt comes down. If depreciation and amortization are in alignment, it is time to reinvest in assets. The MWRA's indenture, or set of rules, where debt is issued requires hiring of consultant engineer to evaluate condition of assets. Assets include land acquisitions since MWRA came into being. Land around the watershed that the Commonwealth owns the MWRA does not consider their assets. Land around watershed is capitalized, as well as dikes and embankments the MWRA has made improvements to.

Paul Lauenstein asked about the impact of inflation and balancing the budget. Tom Durkin said that as inflation impacts materials and costs on the direct expense side, such as chemicals increasing 75% over some years, the MWRA was overly cautious in formulating the FY24 budget, but it served them well. Chemical costs, wages, electricity, and inflation have had an impact. With respect to inflation costs, in 2008 when variable rate crisis was happening, it was a difficult time for the MWRA. The ratio of variable rate debt to fixed rate debt was a focus at the time. To weather the storms of volatility, getting the right ratio is important. In addition to this, a matching strategy is used where the MWRA has variable rate liability, the debt that goes up and down, is matched with revenue invested in the money market that similarly goes up and down. Therefore, when the MWRA is earning more, they're paying more, and vice versa. Also, the timing of issuing debt is watched, so fixed rate bonds are issued frequently enough where they are close to market rate.

Susan Herman stated that she noticed actual CIP spending is below estimated spending in FY23, and asked what is the MWRA seeing in terms of ability to get projects done, that is the timing favorable or unfavorable



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for getting projects done? Thomas Durkin responded that the CIP spending shows an amount that is never hit. A capital improvement program is aspirational by design and a signal to stakeholders, such as the construction industry, the treasurer, and anyone interested in what the MWRA is doing with capital. If MWRA engineers identify needs, they are documented and put in the CIP. The MWRA has never achieved all the spending laid out in the CIP as it is a goal. The last few years the MWRA has been underspent, having a lot to do with supply chain disruptions, construction companies having difficulty with staffing, which expands amount of time spending will take place. The plan is designed in this way where the underspending doesn't impact the assessments as treasury knows not to borrow any more or any sooner than they need to and are carefully watching the spending patterns of MWRA construction managers. Where concerns lie about assets being in good working order and are performing so that the MWRA can collect revenue and pay bonds, that is where the consultant engineer comes in.

Bruce Spencer asked if the water in the Quabbin Reservoir is considered an asset, and whether the Sudbury Reservoir complex is an asset declining or increasing in value. Thomas Durkin stated that the structures, which are property, plant, and equipment, that were inherited from the Metropolitan District Commission (MDC) as part of the MWRA's enabling act are owned by the MWRA and considered assets which are committed to preservation. These assets do depreciate over time, but reinvestment keeps the asset level high and keeps the asset performing operationally. The water is not MWRA's asset and is kept by the Commonwealth. This is where the relationship between the MWRA and the Water Supply Protection Trust comes in. The MWRA funds the activities of the watershed protection staff so that water quality is maintained. The Sudbury Reservoir complex is an MWRA asset, but the embankment and the land are not. When repairs are made to the complex, it is an asset that the MWRA can capitalize on.

David Pavlik asked if there are any communities that follow the framework of how the MWRA sets their rates. Thomas Durkin reiterated how it is important to look long term for setting rates.

J.R. Greene asked about the Wachusett and Quabbin water being owned by the Commonwealth, and asked if that was the case with the watershed lands as well. Thomas Durkin stated that the land is owned by the Commonwealth, even the land that the Board of Directors approves funding for purchasing. The nuance is that the accounting firm that comes in and does an audit allows the MWRA to capitalize that land and treat it as an asset on the balance sheet.

F. MWRA Executive Director's update – Fred Laskey

The MWRA has been directed to put together a study to assess potential system expansion in the Quabbin area, with staff meeting with a legislative delegation later today. Speaker of the House Ronald Mariano is filing legislation today that would use water from the MWRA system to help revitalize the Naval Air Station in South Weymouth. In the coming weeks and months major decisions on lead, CSO's and long-term control plans and variances, as well as PFAS will be made.

G. Operations Committee Update – Michael Rademacher

The Operations Committee has a meeting scheduled for April 1, 2024 at 10:30am. The focus will be the



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anticipated revisions to the Lead and Copper Rule and to discuss potential modifications to current MWRA community assistance Lead Loan Program. At the April 18, 2024 Advisory Board meeting there will be an update from the Metropolitan Tunnel Redundancy Director Kathleen Murtagh, and the Operations Committee might hold an Operations Committee meeting to get a fuller presentation of this project. Ms. Murtagh suggested that it be held on-site in Needham so members could see the borings that have been taken.

H. New business

None.

I. Advisory Board motion to adjourn (to be included in omnibus roll call vote)

A motion was made to adjourn. It was moved by David Manugian, seconded by Michael Rademacher, and moved to the omnibus vote at the end of the meeting.

J. Advisory Board action items omnibus roll call vote & adjournment

A motion to approve the omnibus roll call vote was put forward. It was moved by David Manugian, and seconded by Michael Rademacher.

An omnibus roll call vote took place on the following items:

- The consent agenda items.
- Approval of the Town of Wilmington’s request for increase to annual withdrawal volume and entrance fee waiver as presented in the meeting materials and discussed during the meeting.
- Meeting adjournment.

was voted as follows:

Name	Community	Vote
Michael Rademacher	Arlington	Yes
David Manugian	Bedford	Yes
John P. Sullivan, Jr.	Boston	Yes
Jim Arsenault	Braintree	Yes
Jay Hersey	Brookline	Yes
John G. Sanchez	Burlington	Yes
Michael Trotta	Canton	Yes
Cate-Fox Lent	Chelsea	Yes
Ernest Lariviere	Everett	Yes
David Pavlik	Lexington	Yes
James Finegan	Lynnfield W.D.	Yes
Yem Lip	Malden	Yes
Amy McHugh	Marblehead	Yes
Timothy McGivern	Medford	Yes

Name	Community	Vote
Elena Proakis Ellis	Melrose	Yes
Chase Berkeley	Milton	Yes
Mike Retzky	Needham	Yes
Mark Ryan	Norwood	Yes
Chris Cole	Reading	Yes
Brian Postlewaite	Somerville	Yes
Sam Stivers	Southborough	Yes
Eric Sherman	Wakefield	Yes
Patrick Fasanello	Walpole	Yes
David Cohen	Wellesley	Yes
Joseph Lobao	Wilmington	Yes
J.R. Greene	Quabbin and Ware Watershed	Yes





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Respectfully submitted,

A handwritten signature in purple ink, appearing to read 'R. Raiche'.

Rich Raiche, Secretary

These minutes reflect the discussion of the meeting. The Advisory Board maintains audio recordings of Advisory Board meetings that are available upon request.



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