

1 STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

2 NARRAGANSETT BAY COMMISSION

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6 IN RE: NBC MONTHLY BOARD MEETING
7 OF THE COMMISSION

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10 DATE: October 28, 2014

TIME: 11:00 A.M.

11 PLACE: Narragansett Bay Commission

Corporate Office Building

12 One Service Road

Providence, RI 02905

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COMMISSIONERS:

15

Vincent Mesolella, Chairman

16 Angelo Rotella, Vice Chairman

Raymond Marshall, Executive Director & Secretary

17 Mario Carlino

Michael DiChiro

18 Seth Handy

John MacQueen

19 Joan Milas

Richard Worrell

20 Alessandro Montanari

Robert Andrade

21 Paul Lemont

Alan Nathan

22 Michelle DeRoche

James Bennett

23 Richard Burroughs

Bruce Campbell

24 Jonathan Farnum

Joseph Kimball

25

1 OTHER ATTENDEES:

- 2 Jamie Samons, NBC
- Thomas Uva, NBC
- 3 Laurie Horridge, NBC
- Jennifer Harrington, NBC
- 4 Joanne Maceroni, NBC
- Tom Brueckner, NBC
- 5 Sherri Arnold, NBC
- Gail Degnan, NBC
- 6 Harold Gadon, NBC
- Leah Foster, NBC
- 7 Karen Musumeci, NBC
- Cecille Antonelli, NBC
- 8 John Motta, NBC
- Deborah Samson, NBC
- 9 Richard Bernier, NBC
- Jean Lynch, CAC
- 10 Diane Buerger, NBC
- Christine Comeau, NBC
- 11 Eliza Moore, NBC
- Rich Raiche, MWH
- 12 Greg Baird, MWH
- Kathryn Kelly, NBC
- 13 Kerry Britt, NBC
- James Kelly, NBC
- 14 George Palmisciano, Pare Corp.
- Karen Giebink, NBC
- 15 Paul Nordstrom, NBC

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1 (HEARING COMMENCED AT 11:05 A.M.)

2 CHAIRMAN MESOLLELA: Okay. Good
3 morning, everyone. Recognizing a quorum. We
4 will begin the meeting of the Narragansett Bay
5 Commission Board of Commissioners, October 28th,
6 2014, at 11:05. First order of business is the
7 Approval of the Previous Minutes.

8 UNIDENTIFIED SPEAKER: Motion to
9 approve.

10 CHAIRMAN MESOLELLA: This is going
11 to be quick. Everybody wants to get out of here
12 this morning. By having a motion to approve,
13 I'm assuming all of our commissioners had an
14 opportunity to review the minutes? Are there
15 any comments or questions? Commissioner
16 Kimball?

17 COMMISSIONER KIMBALL: Mr.
18 Chairman, I had a chance to go through the
19 minutes and -- I will make a motion that we
20 postpone the vote on the minutes until we have a
21 chance to make some edits.

22 CHAIRMAN MESOLELLA: Okay. We have
23 a motion to delay the previous motion on the
24 table, amend the motion. Seconded by
25 Commissioner Farnum. I don't think any of our

1 members have a problem with giving Commissioner
2 Kimball an opportunity to edit the previous
3 minutes. All in favor of postponing approval of
4 the previous minutes will say aye. Are there
5 any opposed? There are none opposed, and the
6 motion carries. Thank you, very much,
7 Commissioner Kimball.

8 (UNANIMOUS VOTE)

9 CHAIRMAN MESOLELLA: Item Number 3
10 is Acknowledgement of Awards. Mr. Secretary?

11 MR. MARSHALL: Thank you, Mr.
12 Chairman. We have four awards today that we're
13 very proud to have won by our very competent
14 staff, and I'm going to take them one at a time.

15 The first one is the Water
16 Environment Federation Award. This is a
17 national organization that represents all facets
18 of the wastewater industry, including
19 engineering operations and management. And we
20 received a water quality improvement award on a
21 national level. And these individuals have had
22 a key role in putting together the application,
23 it's a lot of work and it resulted in winning
24 this award. We have staff from the Policy,

25 Planning & Regulation Division, as well

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1 Operations and Engineering Division. So if the
2 individuals, as I call their name, please come
3 up here. They include Christine Comeau, our
4 environmental scientist, Steve DePasquale
5 representing the Water Quality Monitoring Team,
6 Nora Lough, who's our biologist, and from
7 operations and engineering, Katherine Kelly,
8 senior environmental engineer. So if you all
9 come up.

10 (APPLAUSE)

11 MR. MARSHALL: Why don't you guys
12 move over this way.

13 CHAIRMAN MESOLLELA: Right over
14 here. Jamie?

15 MS. SAMONS: You look fantastic.
16 Great.

17 CHAIRMAN MESOLELLA: Thank you,
18 very much.

19 (APPLAUSE)

20 MR. MARSHALL: The Narragansett
21 Wastewater Pollution Control Association is our
22 safety award and it's the result of the great
23 safety program that we have here at the bay
24 commission. And all of our employees are

25 exposed to some safety training when they come

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1 on board. Some of the programs that they go
2 through are annual updates. Dave Aucoin is the
3 one that runs that program for us. Dave is away
4 at a safety seminar today, so he's not able to
5 come up and receive the award. So he requested
6 to Jim McCaughey, so we're going to have Jim
7 come up and take all the credit for Dave
8 O'Coyne.

9 (APPLAUSE)

10 CHAIRMAN MESOLELLA: Here you are.
11 Hold on to that.

12 MR. MARSHALL: We'll photo shop
13 him. Good job, Jim.

14 (APPLAUSE)

15 MR. MARSHALL: All right. Now, the
16 next award -- this might be the most fun award.
17 This is the New England Water Environment
18 Association. That is the regional arm of the
19 Water Environment Federation who gave us the
20 first award. So regionally, what you have are
21 teams of operation maintenance lab, and yeah, I
22 guess that's it -- individuals who have
23 challenges in five or six different areas:

24 Process control, laboratory testing, safety,
25 pipe repair, and setting up a bypass pumping

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1 operation. So you put together your team, and
2 the teams compete, and then you look at where
3 you rank in each of those categories, and then
4 they combine them all. I think our team
5 finished in third place in every one of those
6 categories, but collectively, they finished in
7 first. It is the environment federations form
8 of the Stanley Cup. And then they went to the
9 national. They also went to the national
10 competition. That was in late September, as I
11 remember, down in New Orleans. Hopefully, they
12 behaved themselves. And they competed down
13 there, and I think out of 50 teams nationally, I
14 think we finished somewhere in the middle of
15 that group. So a great job. Hopefully next
16 year they'll do even better and finish higher
17 nationally. I won't put any pressure on you
18 guys. But I'd like Mike Spring, Joe Crosby,
19 Mike Ceasrine and Ed Davies to come up.

20 (APPLAUSE)

21 CHAIRMAN MESOLELLA: All right, so
22 who's the team captain? All right. You get the
23 big award. You get to hold the big trophy.

24 I'll hold on this for you. All right.

25 MS. SAMONS: Are you ready? You

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1 look great. Awesome.

2 CHAIRMAN MESOLELLA: All right.

3 (APPLAUSE)

4 MR. MARSHALL: You have to hold

5 that above your head like this.

6 CHAIRMAN MESOLELLA: You got a

7 chance to run around the table.

8 MR. MARSHALL: You have to pass it

9 off to one another so you each have it for a

10 week. That will go through the piping.

11 The last item is the Construction

12 Management Association of America Award. This

13 is for the work that we did during the

14 construction of the Field's Point Wastewater

15 Treatment facility, being our upgrade, and our

16 construction team who we'd like to acknowledge

17 for all the great work they did. That was a

18 project that finished about one year early. And

19 as a percent of the bid price, it was something

20 like 1.7 percent of the bid price, so it was

21 really a well-run job, and I want to thank and

22 have -- come up here to be acknowledged, Manny

23 Enos, Dennis A. Russo, and Joe Medina.

24 (APPLAUSE)

25 CHAIRMAN MESOLELLA: Commissioner

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1 Rotella?

2 MR. ROTELLA: We have about 10
3 meetings a year, I guess, and it seems like six
4 or eight of them, we start with awards ceremony.
5 I think that's a great tribute to all these
6 people who work here. And I think it's
7 something that we should definitely continue to
8 do, obviously, win awards, but recognition is
9 most important. And I think for the board to
10 see how many times our employees are recognized
11 for overall access. It's a tribute for the
12 people who work for us, and the people who work
13 for the people of Rhode Island. And I think
14 it's very important that we acknowledge
15 everything they do, and one more round of
16 applause.

17 (APPLAUSE)

18 CHAIRMAN MESOLELLA: Well said,
19 Commissioner Rotella, and ditto, I think on
20 behalf of the entire commission. I thank all of
21 you for your dedication. We truly appreciate
22 it. Okay, moving right along.

23 Next order of business is Item
24 Number IV, which is the Executive Director's
25 Report,

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1 Mr. Secretary, do you have a report?

2 MR. MARSHALL: Yes, I do. Just to
3 add to what the Chairman and the Vice Chairman
4 have said. When I asked the directors who
5 they'd like to come up to receive these awards.
6 They always pick the staff members who were most
7 instrumental in having us actually win those
8 recognitions. So, I think that's a great thing.
9 We actually get to see the faces of the people
10 who are on the front lines. So with that, both
11 Field's Point and Bucklin Point are coming to
12 the end of their seasonal permit for nitrogen.
13 It ends in a couple of days, October 31st. The
14 plants are operating well and they're in full
15 compliance, so we're very thankful for that.
16 Staff at both facilities have done a great job
17 running these new more sophisticated operations
18 and, I want to thank them for that. By the way,
19 this is all under the direction of Paul
20 Nordstrom, who does a great job cultivating his
21 people and making sure that they're well trained

22 for any new challenges.

23 At Field's Point, we're still
24 working on that problem with the aeration
25 blowers that I mentioned to you last month. We

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1 have met with the, actually, the president of
2 the company that supplied the blowers and we're
3 working out a resolution to the situation. Once
4 we get to November 1st, the heat will be off a
5 little bit. We don't have to remove nitrogen at
6 that point. We still need to keep the process
7 active, and we'll be under less stress. But we
8 do need to get ready for next season. And in
9 the mean time, our new blowers, or if we're
10 going to change technology can be nine, ten
11 months each year, so we need to stay focused on
12 that and make sure that we get everything
13 straightened out for the period that begins May
14 1st, which is when the nitrogen limits will kick
15 in again.

16 Phase II is the CSO program under
17 Rich Bernier's direction is continuing to
18 progress, and we are coming to completion on
19 more jobs each and every month. The most
20 notable one at this point is the work around
21 Miriam Hospital, which was very sensitive in

22 terms of maintaining access to that facility at
23 all times. We completely surrounded the
24 hospital, really. We had a project north of
25 hospital, south of the hospital, and west of the

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1 hospital. So our construction staff lead by
2 Rich did a great job coordinating with the
3 facilities and medical people at Miriam
4 Hospital. And I believe the last bit of paving
5 in front of Miriam Hospital is either being done
6 today or was done yesterday. So, hopefully,
7 we'll quietly fade into the sunset, and like we
8 were never there. Those are jobs that are
9 always the best when you get them done and no
10 one really even knows that you were out there.

11 Phase III of the CSO program we had
12 our 5th Stakeholder's Meeting last Thursday. We
13 have one more scheduled for November 13th, and
14 Tom Brueckner's been leading the charge on this.
15 And today, you'll hear a presentation from the
16 consultant on that project, MWH, and that will
17 happen at the end of the meeting as the chairman
18 invites you up to grab your lunch. So we'll
19 bring you up to date on everything that's
20 happening on Phase III and you can ask any

21 questions that come to mind.

22 Resource Recovery: They're going
23 to start sending their flows to us. They'll
24 come down to Field's Point starting on or about
25 November 11th. It'll start out somewhere in the

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1 order of 260, 270,000 gallons a day, so that
2 will be additional revenue. I don't know what
3 that equates to exactly in terms of additional
4 revenue, but we're starting that progression.
5 At some point in the future, they'll be sending
6 us somewhere, I think, around 650,000 gallons a
7 day. And it also opens up more opportunities
8 for more customers. There's a nursing home out
9 there that we're looking to connect, as well as
10 a number of homes and other industries.

11 We did have one dry weather
12 overflow event about two weeks ago. Their flow
13 went into the Blackstone River. It was the
14 result of a City of Pawtucket Sewer collapsing.
15 It backed up. And the pipe it had to relieve
16 itself was through our combined sewer overflow
17 pipe. So because it came out of our pipe, it's
18 our problem. But we immediately went into extra
19 sampling mode. Tom Uva had his teams out there
20 for the next several days. We monitored. And

21 the laboratory did the analysis. We fed the
22 information to the DEM and the Department of
23 Health. And the bay had been closed anyway
24 because of some big rainstorms, but it was going
25 to end at, say, today at noon, just as an

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1 example. But because of the overflow they had
2 to extend it one more day. But what we proved
3 was that even though a million and a half
4 gallons went over into the Blackstone River, it
5 did not impact the shellfishing beds. It shows
6 you how valuable the testing we do each and
7 every day really is, because you can use it not
8 only in your long-term assessment of what's
9 happening in your receiving waters, but what
10 happens when an event unfortunately occurs.

11 You heard Karen Giebink talk about
12 the refinancing we did on the 2005 Series A
13 Bonds. We replenished about 40 million dollars
14 in total, and that will result in a 10.4 million
15 dollar savings. So Karen did a nice job in
16 making sure that we were out there ready to take
17 advantage of the market situation. The PUC
18 approved our rate increase. It will be 3.97
19 percent effective September 19th, so going back

20 about a month.

21 So that's good news. And our wind
22 turbines generate renewable energy credits, as
23 you probably heard me report on. Just a quick
24 update of where we are on those. In 2013, the
25 renewable energy credits resulted in \$410,600

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1 worth of revenue to the Narragansett Bay
2 Commission. For the first half of 2014, we now
3 have been able to earn another \$266,200 for a
4 total in 18 months of \$676,800.

5 So that's money that we use to
6 defray the cost of our operating our facilities,
7 of course, and also that's another item or
8 another item in the calculation in terms of
9 payback. On October 16 we had a lien sale. We
10 started out originally with 281 accounts, only
11 about \$425,000. When we finally went to the
12 sale, we sold 33 out of the 34 liens that still
13 existed.

14 At that point, all the others had
15 been resolved either by the owners or the
16 lenders coming in or Rhode Island Housing. And
17 Lori Horridge and Jen Harrington lead the charge
18 on this effort. This is done twice a year. So
19 the total collection on those outstanding

20 accounts ended up being \$466,000 of revenue that
21 seemingly would not been able to be collected in
22 any other way. The executive staff lead by
23 Joanne and Jen have been extending a lot of
24 effort analyzing the bill know as the Sheehan
25 Bill, which is the Quasi-Public Transparency

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1 Act. They met with the Rules and Regs Committee
2 today, and Chairman DiChiro will report on that
3 shortly and finally as part of the personnel,
4 the Personnel Committee when they report I will
5 give you an update on the changes. We're
6 implementing at the Bucklin Point Treatment
7 Plant, and with that, I'm done Mr. Chairman.

8 CHAIRMAN MESOLELLA: Thank you,
9 very much. You have heard the Executive
10 Director's Report. Do any of our commissioners
11 have any questions regarding the Executive
12 Director's Report? Hearing none. Okay.

13 Moving right along. Item Number 5
14 which is Committee Reports and Action Items
15 Resulting. The first committee reporting would
16 be the Construction Engineering and Operations
17 Committee. Commissioner MacQueen, do you have a
18 report for us today?

19 MR. MACQUEEN: Yes, I do.
20 CHAIRMAN MESOLELLA: Proceed.
21 MR. MACQUEEN: Review and Approval
22 of Resolution 2014:25; Award of Contract 127.00C
23 Field's Point WWTF Electrical Substation Number
24 1 Upgrade.
25 MR. MARSHALL: Yes, sir. One of

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1 our main substation at Field's Point designated
2 as number 1, when we inspected it several months
3 ago, it was clear that it needed some upgrading.
4 It's been in service for quite a while.
5 Replacement parts are hard to come by for older
6 units such as these, and so we put together a
7 package of plans and specs to replace the
8 substations, and we received four bids on
9 October 7. The bids range from 1.375 to 1.95
10 million.

11 The low bidder was E.W. Audet &
12 Sons, Inc. Our construction staff had an
13 extensive discussion with them to make sure they
14 were comfortable with their bid, and they said
15 that they had spent a lot of time compiling it,
16 and that they felt that they could successfully
17 complete the project for that price. We are
18 familiar with E.W. Audet & Sons, Inc.

19 They have done work for us both as
20 a primary and subcontractor in the past, and
21 they have always done very good work, and we
22 believe they're fully capable of completing this
23 job. So what Resolution 2014:25 asked for is
24 for your permission to award the project,
25 Contract 127.00C to E.W. Audet & Sons for the

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1 amount of 1 million 375 thousand dollars subject
2 to MBE, WBE and EEO requirements of the
3 Department of Administration.

4 MR. MESOLELLA: Okay, so having
5 heard the explanation, Commissioner MacQueen
6 moves approval of Resolution 2014:25, seconded
7 by Commissioner Montanari. Is there further
8 discussion, comments or questions with regard to
9 Resolution 2014:25. Commissioner Campbell?

10 MR. CAMPBELL: I noticed that two
11 of the bidders have the name Audet in it. I'm
12 just curious what's the connection, if there was
13 a connection?

14 MR. MARSHALL: They're brothers.

15 MR. CAMPBELL: Oh, they're
16 brothers.

17 MR. MESOLELLA: Commissioner

18 Carlino?

19 MR. CARLINO: Has this company
20 worked for us?

21 MR. MARSHALL: Yes, they have, both
22 as a subcontractor.

23 MR. MESOLELLA: And the work was
24 satisfactory and they completed on time.
25 Commissioner Kimball?

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1 MR. KIMBALL: Mr. Chair, I should
2 probably recuse myself. Audet & Sons, Inc., is
3 a client of ours.

4 CHAIRMAN MESOLELLA: Okay, let the
5 record reflect that Commissioner Kimball has
6 recused himself from consideration of this
7 particular matter. Further discussion, comment
8 on Resolution 2014:25? Hearing none. All of
9 those that are in favor will say aye? Are their
10 any opposed? There are none opposed and the
11 motion carries.

12 (UNANIMOUS)

13 CHAIRMAN MESOLELLA: Is there a
14 further report?

15 MR. MACQUEEN: That's all I have.

16 CHAIRMAN MESOLELLA: No further
17 report. Thank you. The next committee

18 reporting is the Personnel Committee.
19 Commissioner Campbell, do you have a report for
20 us today?

21 MR. CAMPBELL: Yes. The Personnel
22 Committee met and considered a proposal to amend
23 the organizational plans that's related to the
24 position of operations manager at Bucklin Point.
25 And I'll turn it over to Ray to explain.

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1 MR. MARSHALL: Thank you. At
2 Bucklin Point we have an interesting model over
3 there that we've used for the last 15 years.
4 The bulk of the operation and maintenance
5 personnel at the Bucklin Point treatment
6 facility are Narragansett Bay Commission
7 employees.

8 The supervisory staff and the
9 plant's superintendent and the maintenance
10 supervisor are part of a contract operations
11 firm. At this point it's United Water. This is
12 the model that we went to back in the middle of
13 1999 when we made our final break from the State
14 of Rhode Island. They were handling our
15 personnel administration, and we felt that we
16 could handle it better ourselves, and we

17 negotiated our way out.

18 At that point in time, we had 56
19 employees staffed at Bucklin Point. One of them
20 was a non-union person. On July 1st, what we
21 ended up with was five contract individuals.
22 They belong to a firm called PSG, which has now
23 been bought out by another larger corporation,
24 and we have 31 Bay Commission people, so we
25 reduced the staff significantly.

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1 The savings, it was about \$700,000
2 a year, as I remember it, and that is carried
3 forward, of course, for all of these 15 years.
4 And now we have a new model, and it has worked
5 well up to this point, but we think we have now
6 reached the point in time where we can take over
7 the supervisory duties ourselves.

8 As of July 1, we had 34 Bay
9 Commission employees with seven contract
10 operations people. What this will do is it will
11 put the facility on a par with what we do at
12 Field's Point, where everyone is a Bay
13 Commission employee, we have supervisory staff
14 that were non-union and operations and
15 maintenance staff who are union individuals.
16 This will follow the same model. This will not

17 take effect until July 1st of 2015.

18 So what we will do is that any
19 money that is currently allocated or earmarked
20 for the contract operations firm will simply be
21 used to staff the facility ourselves. So we'll
22 be hiring people. It's a great opportunity for
23 a lot of the young people that we now have in
24 our organization at the operation of maintenance
25 level who are very capable, very motivated in

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1 looking for a career path. We've actually had
2 some people who fall into that category leave us
3 over the past two or three years because they
4 felt that there's greater opportunity elsewhere.
5 They didn't see any upward mobility, and this
6 will provide that.

7 We have other very talented people
8 who are ready to make a move now. And actually,
9 a few that we think are interested in coming
10 back if they see the opportunity over the next
11 five, ten, fifteen years for them to advance,
12 so, I fully support this request by Paul
13 Nordstrom. I think it's a great idea. It will
14 not impact -- at all because the first thing
15 we'll do is we'll post the position that the

16 Personnel Committee approved today to reactivate
17 the operations manager at Bucklin Point.

18 We fully expect that that's going
19 to be an internal hire, and so that individual
20 is already on our payroll and now spends some of
21 their time getting ready for the transition
22 which will occur next July 1st. We will come
23 back to the Personnel Committee, and it will be
24 part of any FY16 Budget deliberations. That's
25 how we will staff the rest of the supervisory

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1 positions at Bucklin Point once the contract
2 operator leaves. So we think it's a good move
3 at this point in time, and I'll be happy to take
4 any questions you have.

5 CHAIRMAN MESOLLELA: All right,
6 hearing the explanation, do any of our
7 commissioners have any comments or questions?
8 Commissioner Carlino?

9 MR. CARLINO: So this will effect
10 next years fiscal budget?

11 MR. MARSHALL: Yes.

12 MR. CARLINO: And the seven people
13 that work for United will be staffed, all seven,
14 correct?

15 MR. MARSHALL: Yes.

16 MR. CARLINO: And do you know if it
17 will cost more or less to the Bay Commission? I
18 know you said that United might pay more in
19 salary and benefits?

20 MR. MARSHALL: Yeah, all the
21 calculations that Paul has done, and he can go
22 into it, is he believes we can do it for --

23 MR. NORDSTROM: We think we can
24 save about \$200,000 a year but I will propose
25 that we go into next fiscal capital needs with

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1 level funding. This way we may be able to shift
2 savings to support operating we have this year
3 and see what happens in the year and what the
4 expectation is. So we may have to shift at some
5 point in time that savings in the capital end.

6 MR. CARLINO: From a career path
7 perspective, I think this is a great idea. It
8 is all part of the Narragansett Bay Commission
9 and I think its great that the staff spends time
10 at both the Bucklin and Field's Point plants.
11 It's a great learning opportunity that they can
12 gain experience regarding the difference in
13 operations at each of the respective plants.

14 That people will spend time at

15 other plants so with people from Bucklin spent
16 time here atrophied point and try not to get a
17 different perspective. I'm sure both plans. Is
18 that something they do or no.

19 MR. NORDSTROM: We have already
20 begun to do this with our maintenance
21 departments. From a practical matter
22 standpoint, it doesn't make sense for us to have
23 a lot of specialized machine shop equipment at
24 both plants. The Field's Point machine shop,
25 although, small, has some high tech equipment

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1 that we have been able to train Bucklin Point
2 mechanics on. Conversely, we have begun to
3 equip the Bucklin Point machine shop with
4 different specialized equipment with the goal of
5 training Field's Point mechanics.

6 So we've sent the candidates stuff
7 like that we have here, and outfitting the
8 maintenance, different types of machinery so
9 that Field's Point mechanics go over there, but
10 my expectation is this will start opening the
11 doors to other stuff.

12 CHAIRMAN MESOLLELA: So you raised
13 an excellent point, Commissioner Carlino, and I
14 think it's safe to say that initially when the

15 decision was made to go to contract supervision,
16 the reason the transition was made was not
17 primarily monetarily motivated. There were a
18 whole host of other issues surrounding that when
19 we contemplated making that decision.

20 It resulted in significant savings
21 in the end, and I suspect that, you know, we're
22 going to try to maintain that level of funding
23 at the same time, creating some multiple
24 mobility for the people, and maybe even get some
25 people back that we lost in the past as the

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1 result of this transition back to NBC control.
2 So there will be a grand of plan that we'll
3 bring before the board in the next couple of
4 months, but I think at the end of day you start
5 to look at succession planning, that this is our
6 first step in that process, and I truly and
7 sincerely endorse it. All right. So we don't
8 need a motion, right, a motion to adopt the --

9 MR. MARSHALL: In fact, the
10 Personnel Committee has sole responsibility for
11 that, but we did want to report to the full
12 board on what the long-term plan is.

13 CHAIRMAN MESOLELLA: All right.

14 So, okay, excellent. Further report,

15 Commissioner Campbell?

16 MR. CAMPBELL: No further report.

17 CHAIRMAN MESOLLELA: Okay, great.

18 The next committee reporting is the Finance

19 Committee. Commissioner Andrade, do you have a

20 report?

21 MR. ANDRADE: We have no report

22 today, Mr. Chairman.

23 CHAIRMAN MESOLELLA: No report from

24 the Finance Committee meeting. Long-Range

25 Planning.

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1 Commissioner Carlino?

2 MR. CARLINO: Yes. We met on

3 October 21st from 2 to 4. We had two action

4 items, one of which you're going to hear today.

5 It's regarding the CSO Phase III evaluation

6 update by MWH, which they'll do a presentation

7 today. So basically the concern of what we're

8 going to be seeing today is affordability and

9 how will the water quality be after Phase I and

10 II, versus III. So they're going to present

11 some of that to us.

12 So we spent about an hour on that,

13 and then we spent an hour on Mineral Spring

14 Avenue sewer, which if most of you recall, at
15 last month's meeting the mayor of North
16 Providence, Lombardi, and his staff were here to
17 ask if we would look at the possibility of
18 taking over a section of the pipe on Mineral
19 Spring Avenue. And the Executive Director and
20 the Chairman asked that we take, and the
21 Long-Term Planning Committee take a look at it.
22 So on the 21st we met. Staff provided us with
23 information regarding some visual manhole
24 inspections that they did and also some
25 maintenance problems that have occurred in the

28

1 past. Also, the legal staff provided us with
2 the acquisition agreement, which we took a look
3 at. So there was no voting, it was just an
4 update. So what I'm providing to you today is
5 an update, also. So obviously, our biggest
6 concern is setting a precedent whatever we do
7 with North Providence, we're going to have to be
8 concerned with others.

9 So Commissioner Leone actually told
10 us that North Providence is replacing about 220
11 feet right now at a cost of about \$70,000. So
12 this line does not impact us, because if I'm

13 correct, it's actually separated. So one goes
14 towards Pawtucket, and the other one goes down
15 Mineral Spring. And the next step we took is
16 that once the repair is completed, we would go
17 out there and put a camera in the line to look
18 and see, look at the condition of that line.

19 And at that time the staff's
20 Executive Director will come back to us and
21 state whether or not the condition is good
22 enough for us to take it over. Will there be a
23 fee. That's all things that the Executive
24 Director and staff has looked at and will
25 provide to us so that we can vote on whether or

29

1 not we want to do this as a kind of a precedent.

2 And that's it.

3 MR. MARSHALL: No, that was fine.

4 MR. CARLINO: And that's all we

5 discussed, two hours. It was a good two hours.

6 That's all I have.

7 CHAIRMAN MESOLLELA: Thank you,
8 very much. So the next committee reporting is
9 Rules and Regulations. Commissioner DiChiro, do
10 you have a report for us today?

11 MR. DICHIRO: Yes, Mr. Chairman,
12 the Rules and Regs met, and we discussed a

13 number of drafts as additions to the NBC Policy
14 Manual, and all of these drafts have to do with
15 the Sheehan Bill that was introduced at the
16 State House and became law. That bill calls for
17 open transparency and government of
18 quasi-publics such as Narragansett Bay.

19 So I believe what staff has done,
20 and Joanne in particular, is draft these policy
21 manual changes to reflect what is actually done
22 here at the Narragansett Bay Commission already,
23 but to make it compliant with the Sheehan Bill
24 and the requirements under that bill. But most
25 of these are policies that are already followed

30

1 at the Bay Commission, but the crux of this is
2 to in the end it deals with matters such as
3 internal accounting, administrative controls,
4 environment and costs on their employee
5 reimbursement.

6 If you want to take those
7 individually, but at the end a lot of that is
8 day-to-day management of the Bay Commission.
9 And I guess what we have to do as a commission
10 is give that authority to the Executive Director
11 to do that and just reaffirm that he has the

12 authority to do these day-to-day matters, handle
13 these day-to-day matters without coming to the
14 board to approve every individual matter.

15 But I guess the second summary, the
16 Bay Commission already follows all of these
17 procedures that are required by the Sheehan
18 Bill, but we want to codify that and make this
19 an amendment to our policy manual.

20 CHAIRMAN MESOLELLA: And is that
21 what this document is?

22 MR. DICHIRO: Yes.

23 CHAIRMAN MESOLELLA: This is the
24 recommendation for adopting these draft
25 requirements of the Sheehan Bill?

31

1 MR. MARSHALL: Well, what the top
2 sheet is is that's the actual act itself, then
3 behind it, next month we'll come back with the
4 Rules and Regs policies, or come back with a
5 resolution and all the attached policies, and
6 then the Rules and Regs Committee can vote, and
7 then the full board can vote on it.

8 MR. DICHIRO: Correct, and my
9 understanding is that we'll do that at the
10 December board meeting formally.

11 CHAIRMAN MESOLELLA: So we're just

12 accepting this --

13 MR. DICHIRO: This draft advisory
14 opinion. At this point, we're going to formally
15 going to vote on it. At the December meeting,
16 that will give members a chance to look at it.

17 MR. MARSHALL: Okay. So if any
18 member of the board, in addition to the Rules
19 and Regs Committee, has a question on how we do
20 anything here, feel free to contact either me or
21 Jen Harrington, or Joanne Maceroni, and we'll
22 get you whatever item you need us to review
23 further or you want any answer that you're
24 looking for before this comes to a full vote
25 next month. Commissioner Campell?

32

1 MR. CAMPBELL: Will these documents
2 be posted?

3 MR. MARSHALL: Yes, we'll put these
4 up on the board. Okay, we will put those up on
5 the Board of Commissioners website. That will
6 alert everyone.

7 CHAIRMAN MESOLELLA: Okay. Further
8 report?

9 COMMISSIONER DICHIRO: That
10 concludes the Rules and Regulations Committee

11 with the exception of the minutes of the meeting
12 for the Rules and Regs previous month, subject
13 to any corrections by members. I guess there
14 were minutes of the meeting from the previous.

15 CHAIRMAN MESOLELLA: So did you
16 move approval of the minutes?

17 MR. DICHIRO: I moved approval of
18 that subject to any corrections by members that
19 we approve the minutes of the previous meeting
20 of the Rules and Regs.

21 CHAIRMAN MESOLELLA: Okay, so we
22 have a motion to approve the previous minutes,
23 seconded by Commissioner DiChiro, seconded by
24 Commissioner Montanari, MacQueen and Milas.
25 Discussion on the previous minutes? Discussion

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1 on the previous minutes? Hearing none. All of
2 those in favor will say aye. Are there any
3 opposed? There are none opposed. The motion
4 carries? Further report?

5 (UNANIMOUS)

6 MR. DICHIRO: No further report,
7 Mr. Chairman. Moving right along, the Citizens
8 Advisory Committee. Harold, do you have a
9 report for us today?

10 MR. GADON: Thank you, Mr.

11 Chairman. I have a small report. The CAC met
12 Wednesday, October 22nd and achieved a quorum in
13 spite of inclement weather. The meeting focused
14 on Tom Bruekner giving us a presentation of the
15 status of CSO Phase III helping to give a better
16 understanding of complex project. At our next
17 meeting on December 3rd, Tom Uva has planned to
18 make an outstanding presentation. End of
19 report.

20 CHAIRMAN MESOLLELA: Thank you.
21 The Compensation Committee did not meet, nor did
22 the Ad Hoc Committee on ethics meet. Executive
23 Committee did not meet. Joanne, on the
24 Legislative Report, that was basically what you
25 make of the committee today, all right? She's

34

1 not here. I'm talking to myself.

2 MR. MARSHALL: She made the sale
3 and left the room.

4 CHAIRMAN MESOLLELA: All right.
5 She made the sale and left the room. Okay, so
6 no further Legislative Committee Report. So on
7 the Chairman's Report, most of what I had to
8 report you've already heard about, talking about
9 our plans at Bucklin Point.

10 The one thing I would like to
11 raise, and just pile on a little more work to
12 the Long-Range Planning Committee, is the matter
13 that I've been discussing with Tom Uva, and that
14 is our business permit fees. We'd like to take
15 a look at the policy regarding permit fees for
16 business and industry, and we'll do that in
17 conjunction with Karen Giebink, and look at some
18 of the financial impact of those fees. And if
19 it's at all possible, we'll report to the Board
20 on our findings, and if there's any possibility
21 that we can eliminate those fees for business to
22 make this a more business-friendly environment
23 in Rhode Island. I think we would like to do
24 our fair share to do that. I think there have
25 been some prior discussions, and correct me if

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1 I'm wrong, Tom and Karen, it looks like it's
2 within the realm of possibility that we would be
3 able to afford to do that. We would have to
4 look at some regulatory issues, I'm sure, but
5 it's something that I think we should definitely
6 take a look at, and so we're just going to try
7 and pile that on all the other stuff that you're
8 going to have to do. I told you the beginning
9 of the year, the Long-Range Planning Committee

10 was going to be an active committee this year,
11 and there are a lot of things that are going to
12 come your way, so thank you for accepting that
13 responsibility.

14 MR. CARLINO: Our members wanted
15 more so.

16 CHAIRMAN MESOLLELA: All right. So
17 having said that, is there any New Business to
18 come before the Board this morning, New Business
19 this morning, any? All right. So we're going
20 to have the presentation regarding CSO Phase
21 III. But before we go into that, why don't we
22 take a few minutes, grab some lunch. How long
23 is that presentation going to be, Tom? Where
24 are you, Tom?

25 MR. BRUEKNER: About an hour.

36

1 CHAIRMAN MESOLLELA: If there's
2 anybody here, you just keep going. Don't worry
3 about us. All right. So why don't we grab a
4 bite, and when everybody gets settled, we'll
5 begin the presentation.

6 (LUNCH BREAK 11:40)

7 MR. RAICHE: I just wanted to make
8 an announcement. We are going to have handouts

9 about the presentation for you, but two printers
10 have already died. We have, I think, 50 copies
11 already. Is there anybody here who might not
12 want a copy? So we'll have those for you
13 hopefully before, at the end of the
14 presentation.

15 CHAIRMAN MESOLELLA: All our
16 Commissioners all settled?

17 MR. BRUECKNER: I'll turn it over
18 to Rich Raiche, who's the project manager for
19 the program for MWH. Rich?

20 MR. RAICHE: Thank you. Before I
21 begin, I would like to, on behalf of the MWH
22 Pare team, thank the commission for the
23 opportunity to work on this project. It's been
24 a really amazing project. Everyone on our team
25 has been energized by the challenges here. I

37

1 also want to extend a thanks to the Commission
2 staff. Everyone has been extremely helpful in
3 getting us the information we need. Tom Uva on
4 the stormwater systems, Rich Bernier on the
5 construction cost that we can calibrate the
6 Phase III cost estimates. Karen from Finance
7 and Jamie from the Stakeholder's, it's been a
8 pleasure to work with them. It's obvious that

9 everyone's dedication to the Bay, it permeates
10 to the entire organization, so I just want to
11 express the gratitude from the team on those
12 fronts.

13 Today we'll give you a background
14 and a status report on where we are. So for a
15 little bit of a background on the CSO program,
16 the history, just to know how we got to this
17 point, and I'll step through a progress report
18 on the various tasks that are involved with the
19 reevaluation.

20 We've got Greg here, who's our
21 financial expert, who will get into a lot more
22 depth on the affordability analysis, which is
23 probably the biggest difference between doing
24 the Phase III planning now and the last time,
25 and will have a big implication on what the

38

1 schedule is for the program. So, I mean, it's
2 background: Why are we concerned about CSOs?
3 In 1970, the Nixon Administration passed the
4 Clean Water Act so that our clean water goals
5 for all the receiving waters in the United
6 States. Under that, the EPA first targeted
7 wastewater treatment plants to bring those

8 effluents up to the quality that they wanted,
9 and then turned to CSOs.

10 Now CSOs are combined sewers. We
11 have those in the three inner cities;
12 Providence, Pawtucket and Central Falls. The
13 surrounding communities have separate systems,
14 so we don't have CSOs or combined sewer
15 overflows from there. In the three cities what
16 happens is that the same pipe carries sanitary
17 wastewater and stormwater when it rains.

18 When it rains those pipes get
19 overwhelmed, and there are essentially relief
20 points in the system to prevent the system from
21 backing up onto private property, and the
22 people's houses, but unfortunately, that winds
23 up discharging sanitary waste straight into the
24 bay. So the NBC history really starts in 1992,
25 when the Bay Commission signed a Consent

39

1 Agreement with the Rhode Island Department of
2 Environmental Management, RIDEM or DEM. By '94,
3 there was a conceptual report that outlined what
4 the CSO mitigation plan would be. Shortly
5 thereafter, EPA revised the rules for CSO
6 programs and the Bay Commission took advantage
7 of that and reevaluated at that time what the

8 CSO program should entail.

9 By '96, there was agreement on the
10 makeup of that, and in 98, the Conceptual Design
11 Report Amendment was issued. So the CDRA is
12 what outlines the current CSO controlled
13 program. That program consisted of three
14 phases. Phase I, the main component for that
15 was a deep rock storage tunnel for CSO volumes
16 in Providence. Phase II then essentially built
17 some interceptors to bring the more remote CSOs
18 into that central storage location. And now
19 we're looking at Phase III which shifts the
20 focus more geographically than anything else.
21 Phases I and II focused on the southern end of
22 the system, the Field's Point system in
23 Providence. This Phase III shifts the
24 geographic focus to the Bucklin Point system
25 with Pawtucket and Central Falls. Phase II,

40

1 which you just heard is nearing completion,
2 expects to be complete next year. Phase III
3 would then initiate after that with a projected
4 completion date of 20/25.

5 So when we talk about Phase III, we
6 talk about the Phase III baseline which is

7 what's recommended in the CDRA. Again, the
8 primary component of this much like Phase I, is
9 a deep rock storage tunnel. The concept here is
10 to take the overflow volume and store them deep
11 underground in the tunnel while it's raining and
12 the system is overloaded.

13 Once it stops raining, pump that
14 volume out and run it through the Bucklin Point
15 Treatment Plant once the system has capacity to
16 do that. The tunnel is aligned along the
17 Seekonk and Blackstone River. It captures most
18 of the outfalls that we have in Pawtucket.

19 There are, much like Phase II, the
20 need for additional interceptors to bring the
21 more further afield CSOs into that central
22 location. The higher cross street interceptors
23 pick up outfalls from Central Falls. The middle
24 street interceptor picks up the Northernmost
25 ones from Pawtucket. And then the Pawtucket

41

1 Avenue Interceptor picks up sort of an outlier
2 in the system which is on the Moshassuck River
3 as opposed to Seekonk and Blackstone, more on
4 the western side of Pawtucket.

5 There are a couple of additional
6 sewer separation areas in Northern Providence

7 that is sort of the outline and general rule of
8 thumb that we're talking about. The Bucklin
9 Point system, that is still part of the Field's
10 Point System, but was not covered in Phase II.

11 So what has happened thus far? The
12 Phase I experience was that the actual costs to
13 construct the facilities were higher than what
14 were projected in the CDRA. So what was found
15 was that the Phase I costs totaled almost what
16 the projected costs from Phases I through III
17 were to have been.

18 When you add in the additional
19 Phase II work that is projected to be completed,
20 and then recalibrating what Phase III is, it's
21 very clear that the overall CSO program was far
22 in excess of what the conceptual design report
23 amendment had projected. Looking at what that
24 did or will do to rates in the area, it was
25 readily identified that the rate increases from

42

1 Phases I and II started, but up against the
2 affordability for the poorer communities,
3 Central Falls, and then projecting out what
4 Phase III would do to the rates that it would
5 have potential affordability issues for the

6 other communities, as well.

7 MR. BURROUGHS: This slide is only
8 Phase I and Phase II; is that correct?

9 MR. RAICHE: Correct, what is shown
10 there is Phase I and Phase II.

11 MR. BURROUGHS: Above the
12 affordability in Central Falls before we put a
13 shovel in the ground for Phase III?

14 MR. RAICHE: Based on those initial
15 projections for Phase I and Phase II, correct.
16 So it was decided about a year ago now to
17 reevaluate what Phase III should be, you know,
18 both on the affordability side to determine what
19 the compliance deadline should be. But also
20 there has been some advantage in CSO mitigation
21 technology in the decade and a half to the
22 previous report, so we decided to take a look at
23 that. There are a couple of windows of
24 opportunity to do that. The Consent Agreement
25 with RIDEM states that upon Phase II completion,

43

1 which has been projected for early next year,
2 there's a one-year preliminary design. So the
3 conceptual design report amendment has the
4 conceptual design. NBC has one year to prepare
5 a preliminary design. So a year ago that gave

6 the commission a one-year window to redefine
7 what the conceptual plan was. So that's why
8 we've been working for this year to do just
9 that.

10 There's also, I'd point out that
11 the SRF funding requires reaffirmation of the
12 plan about the content of the plan and the
13 Commission's commitment to building it every
14 five years. So there's a five-year cycle that
15 we'll be entering to reaffirm the technical
16 components of the plan.

17 So about a year ago the Commission
18 defined what the reevaluation tasks were. There
19 was a few -- there was a hydraulic model of the
20 Field's Point system that informs the design of
21 the Providence CSO mitigation facilities. We
22 need to develop a similar model for Bucklin
23 Point. We want to reevaluate the changes in
24 water quality as a result of Phase I and II to
25 determine what our baseline was. Were the water

44

1 quality gains from Phase I and II greater than
2 anticipated? Could we scale back Phase III
3 based upon that? Of course, the technical
4 evaluation, which was mentioned for changes in

5 the state of the art, the affordability
6 analysis, we again involved the Stakeholder
7 group in the development of the plan. They had
8 been part of the previous CDRA, and we convened
9 essentially that same group.

10 So where are we? In terms of the
11 hydraulic model, we've completed the development
12 calibration of that model. We now use that to
13 predict CSO volumes, and give us an
14 understanding of how this system works so that
15 we can design the CSO mitigation's technical
16 component. It is a complex system. We've got a
17 complex interaction between the different pipes,
18 the city systems that feed into it, and then the
19 CSOs.

20 So understanding how all those
21 components interact so that we can design the
22 systems appropriately. So this is a sort of
23 graphical representation. You can see that
24 graphically, we've got two very large outfalls,
25 205 and 218, at the northern and southern end of

45

1 Pawtucket. Other ones are smaller. The one on
2 the Moshassuck, 220, is smaller than those two,
3 but it is a large volume considering the
4 Moshassuck is a much smaller river than the

5 Seekonk, so you don't have as much dilution.

6 The water quality model has been
7 calibrated since we brought on board the same
8 firm that did it last time. We recalibrated
9 this model based on changes in the sewer sheds,
10 going as far as upstream as Worcester, what they
11 did in the Blackstone plant, and any changes in
12 the past 10 to 20 years. We recalibrated that.
13 We put in post Phase I and post Phase II model
14 outputs so that we understand how the water
15 quality reacts. And these are sort of sample
16 outputs. It allows us to take a look at this
17 system so that we can determine, you know, 205
18 and 218 are the big ones, but what is a
19 contribution of 220 on the relatively smaller
20 Moshassuck, and things like that.

21 So that's what we're using the
22 water quality models for right now to determine
23 what our goals are. In terms of the technical
24 reevaluation of the components of Phase III, the
25 previous one with the focus on sewer separation

46

1 and deep rock tunnel storage, those are what we
2 consider pathway and receptor type mitigation.
3 The main change since the previous evaluation is

4 in source controls. It attempts to deal with
5 the stormwater and the rain water as close to
6 the source as possible where that drop of rain
7 falls. And we look at stormwater controls and
8 what we call green stormwater infrastructure.
9 So we'll use the three letter acronym, GSI, for
10 green stormwater infrastructure.

11 These are technically what the
12 Commission is requiring from development and
13 large redevelopment currently through its
14 stormwater mitigation projects and permit
15 requirements. There are things like pervious
16 pavement and vegetated strips and parking lots,
17 green roofs, blue roofs, anything like that that
18 holds stormwater before it gets into the
19 combined system. Some other mitigation
20 strategies we looked at include near surface
21 storage in the receptor category.

22 Philosophically, it's similar to the deep rock
23 storage, but instead of collecting disprite CSOs
24 and bringing them to a central deep storage
25 facility, these ones are smaller tanks in more

47

1 remote locations that do the same thing. They
2 store the volume, but they're closer to the
3 surface and the neighborhoods. So where are we

4 in that evaluation? We've gone through the
5 developments of the alternatives. Each one of
6 these things has to be tweaked or modified to
7 meet local needs, and we work with the
8 Stakeholder groups to determine what those
9 things are. Then we went through, once we
10 developed what those alternatives are and what
11 they look like in these neighborhoods, we went
12 through a subsystem alternative's analysis.
13 That was just complete on Thursday. And in
14 November, we will then be putting those
15 subsystems that we determined to be the right
16 subsystems for each one of these neighborhoods,
17 together in different configurations, run them
18 through the water quality model to see where we
19 get the best benefit, and determine what the
20 overall system should be.

21 Now, the technical evaluation
22 conclusions are that green stormwater
23 infrastructure cannot eliminate overflows
24 without additional gray infrastructure. This is
25 the same conclusion that's been reached

1 Nationwide. GSI generally helps you reduce the
2 size of gray infrastructure, gray being a tunnel

3 or a tank sewer separation, but cannot eliminate
4 it, except in rare instances.

5 In Narragansett, we're finding that
6 the coming interceptor capacity, either
7 additional flow coming in from upstream of the
8 system or constraints from the pipe downstream
9 in the system. Those things drive a lot of the
10 overflows more so than what's being loaded at
11 any individual CSO from the sewer shed that's
12 there.

13 We also run into a few physical
14 conditions. There are areas in the Phase III
15 zone where the soils just don't work for
16 infiltration where we've got steep slopes so we
17 can't really capture stormwater. So there's
18 sort of technical constraints around that. And
19 then, of course, you have to reach the limit of
20 where things are cost-effective. So it's the
21 conclusion that green stormwater infrastructure
22 can't be the entire picture. We looked at what
23 the corresponding gray pieces are. We came to
24 the conclusion that full scale sewer separations
25 are cost-prohibited, plus it's a really bad

1 idea. And near surface storage has a lot of
2 problems with it because we're looking at a very

3 densely developed area in Pawtucket and Central
4 Falls. We have very limited sites. The only
5 places that are big enough for us to put these
6 tanks are essentially ball fields which both of
7 those communities have very few, and parking
8 lots, which are also constrained, especially in
9 the downtown areas. And while we can restore
10 the surface over these tanks to those previous
11 uses, we do lose some of the real estate to
12 equipment buildings, and things like that. We
13 also would lose those uses for two to three
14 years during construction.

15 And there were issues raised by the
16 Stakeholders around the lack of those
17 facilities, you know, particularly the little
18 league fields for those urban areas. So that
19 leaves us essentially to the bottom line
20 conclusion, is that the Pawtucket Tunnel remains
21 a key component of Phase III.

22 So what does the revised Phase III
23 look like? We've got the Pawtucket Tunnel along
24 a similar alignment. The upper high cross
25 interceptor in the middle street interceptor

1 again to pick up those northern outfalls.

2 The Pawtucket Avenue we found not
3 to be cost-effective. We've got a very highly
4 trafficked narrow street with difficult
5 construction. The construction costs and the
6 disruption associated with that we found to be
7 unfavorable. So we're looking at two
8 sub-alternatives. Morley Field tank, again, the
9 near-surface tank, or a stub tunnel from the
10 main tunnel across Pawtucket as our
11 alternatives.

12 We are also exploring the
13 possibility of doing treatment and disinfection,
14 but that would largely be an interim solution.
15 U.S. EPA does not consider screening, remote
16 screening and disinfection as a long-term
17 solution because it doesn't meet the water
18 quality requirements of the Clean Water Act.

19 One of the sewer separation areas
20 targeted for Providence. We remained that that
21 is probably the best way. This is a
22 neighborhood that just so happens to already be
23 partially separated, although the flows are
24 recombined downstream. On the street, we
25 actually already have a two-pipe system. So

1 sewer separation in that neighborhood is a lot

2 more cost-effective than what the Phase II
3 neighborhoods were.

4 For the other two neighborhoods, we
5 found that the West River Interceptor is a more
6 cost-effective solution and less intrusive to
7 the neighborhoods. And then finally GSI is a
8 component of the plan. What we are doing is
9 targeting the GSI, especially for two uses.

10 One, where we can optimize the size of these
11 gray systems, and two, where we can do it
12 cost-effectively early in the program to reduce
13 the overflows at some of the locations to get
14 some early water quality gains.

15 We involve the Stakeholder group.
16 As Ray mentioned earlier, we just concluded our
17 6th meeting. They helped us determine what
18 these projects looked like, develop evaluation
19 criteria beyond just water quality and cost, the
20 impacts to the neighborhoods, the co-impacts to
21 the neighborhoods from doing any of these
22 things. We've concluded the affordability and
23 alternative analysis, and next month we will
24 look at project sequencing. In terms of the
25 affordability analysis, we've completed the

1 development and calibration of the financial
2 models that allow us to look at how these impact
3 rates. We've projected rates from our baseline
4 CDRA, and found that we have some affordability
5 issues. And I'll turn it over to Greg, who will
6 give you more detail on that.

7 MR. BAIRD: Okay, so now everybody
8 has eaten, which is good, no food fights, or
9 anything like that, and hopefully this
10 conversation can, you know, help you digest your
11 food also.

12 With that, affordability: It's
13 always interesting talking about affordability
14 because it can be somewhat subjective, as well
15 as unique for each community. We've done a
16 number of different things to analyze it and
17 look at it in ways that
18 maybe you haven't seen it before to try to offer
19 additional impairment to try to make some
20 decisions on it, also.

21 We first started with the
22 development of the financial plan, basically
23 having a spreadsheet model that brings in all of
24 the sources and all of the uses, so we can kind
25 of match our financial projection to what the

1 actual projections and functionality are for
2 NBC. And Karen and her staff have been awesome
3 to work with. We really like coming out here.

4 Some of the key financial plan assumptions:

5 We have duro-growth. We're
6 including all revenues. We have debt proceeds
7 built in there projecting 45 million for some of
8 the state revolving funds in 2015, and then 25
9 million into the future years because they
10 basically said that, you know, that half of
11 their state revolving funding allocations could
12 be used towards this project. We have O & M
13 expenses escalated at 2.3 percent.

14 We have the assumptions for debt
15 service at 20-year issuance time periods, and
16 the loans at 3 percent and the municipal bond
17 market at 5 percent. What did you get lately
18 for your closing.

19 UNIDENTIFIED SPEAKER: Around three
20 and a half.

21 MR. BAIRD: Three and a half.
22 That's fine. We have an assumption in here also
23 on reserves, because when we've looked at the
24 size of the utility and the different types of
25 risks that you're faced with, we basically have

1 a component that's growing up to the industry
2 standard, or what the credit markets would
3 consider as a standard as the 90 days of O & M,
4 be able to set side. And it's interesting to
5 note when you start looking at the condition of
6 infrastructure surrounding the NBC treatment
7 plants in the collection systems out there, it
8 really seems like there's going to be greater
9 things that are going to collapse that
10 potentially might impact NBC. We can probably
11 see that here.

12 MR. BURROUGHS: Does this include
13 the potential cost for biological nitrogen
14 removal expansion? In other words, when you're
15 looking into the future, are you looking
16 primarily at the tunnel, or are you adding in
17 all the other things that we can be tagged with?

18 MR. BRUEKNER: It's basically
19 what's in the CIC -- so, yes, whatever we're
20 required to do that we know of now --

21 MR. BAIRD: So what we do know is
22 that we have the wastewater treatment facility
23 improvements at about 75 million dollars over
24 this 12-year period, infrastructure managements
25 and asset management built into that. The sewer

1 improvements and the interceptor repair wrapping
2 up Phase II, and then we have the cost for Phase
3 III set at 740.7 million dollars, and Rich
4 that's a midpoint 2018 number?

5 MR. RAICHE: Yes, we calibrated all
6 of those at 2018, the midpoint date when we
7 started in this process.

8 MR. BAIRD: So you can see it's in
9 a sizeable TIP over the next 12 years, 915.8
10 million dollars. When you kind of throw it up
11 in the graph format, you can see where it's
12 really spiking, and 2021 and 2022, as the core
13 components are being built, and then it tapers
14 down. When you look at the work that you have
15 to do even on the financial side to start
16 issuing the debt and staying ahead of that, you
17 know, when you get into 2019, a hundred and 1
18 million, and a hundred and 4 million, a hundred
19 and 65 million, and then it drops back down to
20 98 million.

21 Just on the financing side, that
22 definitely is a lot of work. As I experienced
23 as a CFO for utilities also, when you look at
24 the breakdown of the expenditures, you can see
25 start with that blue baseline, so that's the O &

1 M expenses, you know, slightly coming up. Then
2 you have the existing debt service in red. That
3 next growing bar is the proposed debt service
4 for green, and then purple on top of that is the
5 capital projects.

6 So you kind of show how things kind
7 of stack up each year, but it's, you know,
8 almost by 2026, you know, doubling the existing
9 debt payments. When you look at rate increases
10 on top of that knowing that you have to do a
11 rate case and go to the PUC, if I was a
12 municipal sewer authority, then I would want to
13 try to smooth that out, but the case that, you
14 know, that as you go to the PUC to basically,
15 you know, say, okay, this is what I need and
16 here's the different needs, this is how it
17 stacks up, and when you think of affordability,
18 there's actually a couple of different
19 components. There's the overall affordability
20 over time, but you're also talking about the
21 issue of the ability to pay or the ability to
22 absorb an increase.

23 So, you know, if your Starbucks
24 coffee went up 15 cents a year, you could
25 probably absorb that a little bit, but if it

1 went up two bucks every year, then that could
2 create a problem. So something usually between,
3 you know, say 5 or 8 percent depending on how
4 it's stacked and rolled out, you know, people
5 might have the ability to absorb that, but the
6 larger jumps create another level of
7 affordability concern.

8 MR. WORRELL: Excuse me. Am I
9 correct that if we apply that green line in
10 those increments that would represent the
11 increase and now until 2026?

12 MR. BAIRD: Yes, and I know you
13 probably added it up.

14 MR. WORRELL: I did from 60
15 percent.

16 MR. BAIRD: You add inflation for
17 about 14 percent, and you get an overall
18 increase of about 84 percent.

19 MR. WORRELL: Thank you.

20 MR. BAIRD: So when you look at the
21 total rate adjustment, 84 percent, and if you do
22 this across the Board, not only on the
23 residential, but you see the commercial side
24 experiencing that also, inflation's just about
25 15 percent, so the net increases about 15

1 percent. But when you see how things stack up,
2 you have two components, you have the fixed cart
3 component, and then you have kind of the
4 consumption component, and you can see that that
5 splits. Usually the fixed cart is somewhere
6 around 30 to 45 percent of the total bill, and
7 you can see where that gets up.

8 Now, we're only talking the NBC
9 bill at this point. Some of the earlier data
10 that was analyzed said that, you know, that
11 maybe the average annual charge is based on 200
12 gallons per day. When we analyze all of the
13 billing data, it's looking more like it's about
14 150 gallons per day, knowing that over the last
15 decade and even five years, water conservation
16 and a downturn in the economy, people have
17 actually been reducing their water consumption
18 that has an effect also on the sewer side.

19 Now, we're going into this
20 financial capability assessment. And as you
21 know the EPA in 1997 issued some guidance. And
22 this is where I want to be able to kind of shift
23 some of our mind set. In the past it's been
24 population accounts. There was no real use of

25 the real bills and doing affordability analysis.

59

1 The EPA wanted to look at the entire service
2 area, not individual communities. There was no
3 look at the income distribution. There's always
4 the discussion as far as where you're pulling
5 your data, and it was all about the median
6 household income.

7 Now we have the ability to look at
8 household information, utilize the actual bills,
9 look at the census tract data. Within every
10 census tract that we've analyzed, there's 16
11 buckets of the income that's actually
12 distributed, and we know how many households
13 fall into each one of those buckets, and what
14 the average bill is for each one of those census
15 tracts.

16 And so now we're being able to go
17 into a weighted average world to take these
18 things into effect. Now, the 1997 EPA
19 methodology says any time you're going to have
20 any discussions, this is actually where they
21 want you to start. And they have the Phase I
22 residential indicator. And please note that
23 they really don't look at the commercial impact.
24 But the residential indicator says anything

25 below 1 percent, you know, it's low midrange,

60

1 it's 1 to 2 percent, and anything greater than 2
2 percent, then they would consider that as a high
3 burden. And then they have Phase II economic
4 indicators, which is, you know, and we'll see
5 this briefly, but it has its own percentages and
6 it really looks at the bond ratings, net debt,
7 property value, unemployment rate, median
8 household income, property tax, property value,
9 property tax collection rates. And they apply
10 some percentages, and it's just a simple, you
11 know, addition and division to be able to
12 calculate, you know, what the overall impact is.

13 So it's all kind of weighted the
14 same. And you can see where it basically says,
15 you know, where you're at as it relates to the
16 national average. Where are your bond bills at?
17 What are your credits? And so we've drawn on
18 counting data, NBC data, and tried to look at,
19 you know, Providence area as a whole, the NBC
20 service area necessary to update this. So when
21 you compile it through all the different
22 spreadsheets, looking at once again, the NBC
23 data only, the EPA's view would basically say

24 you have 118,683 households. And by the time
25 you look at operation costs, capital costs, put

61

1 everything together, the cost per household is
2 about \$789.95.

3 So they go out to the 2026 period.
4 They kind of compile all it all in as a
5 snapshot, and that's the formula. They compare
6 it to a weighted and adjusted median household
7 income for the area at \$47,165, and they would
8 say your residential indicator. NBC is a median
9 burden at 1.67.

10 MS. MILAS: In your calculations,
11 did you also sit down with Economic Development
12 Commerce, whatever. Are there other mandates
13 that ratepayers are going to have to burden
14 other than this project, so if that's looking at
15 Phase III in a vacuum, but are there shoreline
16 projects that all the ratepayers are going to
17 also to have to use a federal mandate that
18 they're cleaning up the shore so we all have to
19 pay. So it's not just that number.

20 MR. BAIRD: You're right, you're
21 right, you're absolutely right. And every
22 community is a little different. Their guidance
23 and what they look at, though, they say, yes,

24 all these other things are occurring, and maybe
25 you lost or got the money on the federal

62

1 housing, and different things, and they go,
2 we're really not looking at that. This is how
3 we are trying to treat everybody the same as it
4 works.

5 MS. MILAS: I appreciate that, but
6 that really was not my question.

7 MR. BAIRD: Well, they don't --

8 MR. MILAS: I'm not saying they,
9 I'm saying as a commissioner, if I'm going to
10 look at this, I also want to think broadly what
11 other expenses, even me as a ratepayer, is going
12 to be paying? So in your analysis, do you have
13 columns, or do you anticipate doing columns that
14 guess what, in the next 10 years they're beefing
15 up the shorelines and we're all going to have to
16 burden that. And then they're going to do, I
17 don't know, other infrastructure projects in the
18 state that have federal funds. And guess what,
19 in the next 20 years, ratepayers in the state
20 are going to have pay for that. So guess what,
21 in 2026 it's not just Phase III, it's 10 other
22 major projects, so each ratepayer is going to be

23 spending \$1,500. Are you doing that in your
24 analysis?

25 MR. BAIRD: We did not include

63

1 climate change capital projects in this 15-year
2 period. We used the CIP in the different
3 categories that have been consistent that
4 they've been going to the PUC with, and we
5 focused, and I'll show you, you know, as we get
6 to adding in some storm drain costs and some
7 community costs, but we were kind of constrained
8 with how the EPA looks at the world, looking at
9 sewer, not taking into consideration these other
10 things.

11 And then our Stakeholder's meeting
12 on Thursday, yeah, the governor's office, they
13 were like going, hey, there's all of these other
14 different issues that are coming out. Were
15 those imbedded into this? And we said, no,
16 we're kind of really focused on 175 million
17 dollars that NBC needs to spend on their things
18 anyway, and then the additional 740 million for
19 Phase III. Those are the capital costs that
20 we're considering at this time.

21 MS. MILAS: Ray, is that something
22 we're going to look at as a commission before we

23 make any type of decision? Is it going to be a
24 cumulative 30 thousand, but look at what's going
25 to happen.

64

1 MR. MARSHALL: What he'll show you
2 shortly, I believe, is they went through
3 Pawtucket, Central Falls and Providence. And
4 they added on top of what we were spending and
5 what the communities are spending is admittedly
6 a lower number on their lateral sewers that will
7 have their stormwater programs. So we tried to
8 stay in the water realm.

9 MR. BAIRD: Right, but the list was
10 not exhaustive that it's probably reality over
11 the next decade.

12 MS. MILAS: But as a commissioner,
13 I would like to be able to see a broader picture
14 at some point before any decision's made.

15 MR. MARSHALL: If I could just add
16 one thing. I think as we progress through the
17 next several slides, I think it will become more
18 and more obvious what the burden just this is
19 going to cause on our ratepayers. And you're
20 absolutely right, there are other things that
21 they have to pay, same group of people. There

22 are some numbers that we can estimate, but there
23 are others, for example, for climate resiliency.
24 I mean, those numbers have not been generated by
25 anyone, so I think we can make a good case. I

65

1 think it will show up. Like I said, just in the
2 next several minutes, or we can go back and say,
3 we believe we're overstressing our ratepayers.
4 If we do this under the current schedule, we
5 need to push everything out, and then if they
6 agree, we would have to revisit it every five
7 years and reevaluate this.

8 MR. BURROUGHS: You might just say
9 integrated financial planning, and to what
10 extent, and the EPA regulations address Joan's
11 question, and to what extent they don't.

12 MR. RAICHE: These are EPA
13 affordability guidelines, which specifically
14 ties to the Clean Water Act and the goals, the
15 water quality goals of the Clean Water Act. So
16 this is just a snapshot of the Bay Commission's
17 rates and Bay Commission's projects. The EPA is
18 open to looking at other Clean Water Act
19 projects, which is what Greg is going to
20 stepping through next. So we've been able to
21 add in what the individual communities will need

22 to do for their sewer systems and stormwater
23 systems. That changes the complexion, and we'll
24 see how it changes the complexion. But there's
25 a 2 percent indicator the EPA uses. It's still

66

1 only for clean water projects. But we
2 completely agree with you that there are other
3 water-based projects that will require funding
4 from the same people, but EPA does not consider
5 those on the 2 percent. Whether that's fair or
6 not, is not the for me to say.

7 I might tend to agree with you as
8 an MWRA ratepayer that it's probably not all
9 that fair to the constituents, that those are
10 excluded from this evaluation, but we are
11 working with the constraints of the EPA analysis
12 that ultimately to loop this map around, what
13 we're trying to do is redefine the CSO program
14 and compliance duration for that CSO program,
15 and using these figures as a base to determine
16 that compliance deadline. And RIDEM and EPA are
17 the regulatory bodies who will be reviewing
18 those plans, so we kind of have to play by their
19 rules. There might be a degree to it where we
20 can make additional arguments, but the degree to

21 which those regulatory volumes will accept those
22 arguments, I can't say.

23 MR. ROTELLA: The median household
24 income at \$47,000 is significantly higher than
25 the numbers you had up there on the previous

67

1 slides for Providence and Central Falls. Why is
2 this so high?

3 MR. BAIRD: This one is for those
4 communities and this is a weighted average,
5 basically, taking in all of the 15 communities
6 and weighting against the number of households
7 in each, and then escalating it according to the
8 guidelines of the EPA. And you'll see how that
9 actually comes into play.

10 UNIDENTIFIED SPEAKER: So the fact
11 that the two communities that have been much
12 lower are --

13 MR. BAIRD: We'll see exactly how
14 to break that up. But if you said the NBC
15 service level as a whole, what would the EPA
16 consider the median household income? They
17 would say 47,000.

18 MR. DICHIRO: There's other
19 considerations, too, because we're projecting a
20 total of 12 years, so like increased electricity

21 costs, increased healthcare costs for employees.
22 That's reflected in our rates, eventually. Is
23 there a point where this -- those projections
24 are not taken into consideration.

25 MR. BAIRD: We have about a 2.3

68

1 percent on O & M built into that, so anything
2 that we knew we captured some of that.

3 MR. DICHIRO: Is there a point at
4 which this ultimate rate amount comes
5 cost-prohibited that we can't do this, or do we
6 have a choice?

7 MR. BAIRD: As I continue, you're
8 going to see a lot more red on the pages, and I
9 think that it will be apparent.

10 MR. WORRELL: On the weight of the
11 average median household income, can you tell us
12 what it is right now? That's projected out to
13 2026, the 47,000, right?

14 MR. BAIRD: That's actually --
15 we're trying to take out 2026, bring it back in
16 today, so that's essentially what 2014, what the
17 EPA would say, they would call it as the median
18 household income.

19 MR. WORRELL: Today?

20 MR. BAIRD: Today.

21 MR. WORRELL: For the service area?

22 MR. BAIRD: For the service area.

23 Let me continue, and you'll see some of these
24 differences. When you look at the bond rating
25 and some of these other economic indicators

69

1 strong, strong, weak, midrange, it all ends up
2 at a midrange. And so that usually is what the
3 EPA based on their '97 guidelines has, you know,
4 has historically said, okay, now are we going to
5 just say you need to do the project because
6 we're really not going to consider expanding or
7 looking at anything unless it's greater than 2
8 percent. That's been the historical approach
9 for the different regions in the EPA.

10 Now, as we move forward, you know,
11 as I've worked with and presented to the U.S.
12 Mayor's Water Counsel, we know that there's a
13 bunch of holes in that methodology, the income
14 distribution and sku. It looks at NBC as a
15 whole. It doesn't say, well, what's really
16 happening in our neighborhood, and the
17 methodology really didn't look at real bills.

18 So when we look at this enhanced
19 affordability modeling, now we're able to get to

20 a bigger, deeper level of granularity to be able
21 to say, okay, what's really happening as it
22 relates to affordability in our area.

23 Now, when you look at the median
24 household income census tract in the NBC service
25 area, you know, this is pulling it for not a

70

1 weighted average, but just what the County of
2 Providence says, they're saying 49,000 as the
3 county, but each one of these census tracts show
4 what, you know, what the income distribution sku
5 looks like in your service area, and so you can
6 see that there's a significant range there.
7 When you take a portion of that for one census
8 tract, and you say, okay, what's really
9 happening there, you can see those 16 different
10 buckets, those income buckets, less than 10,000,
11 10,000 to 15,000, all the way out to 200,000 or
12 more, and then you can see kind of what the
13 population is, and how that's distributed, and
14 that's a single look in just say one of the
15 census tracts, you know, with the significant
16 amount of households actually in these lower
17 incomes. So this is that greater level of
18 granularity that we're talking about in this

19 enhanced approach.
20 Now, as we've taken the financial
21 model and we pulled in the census tract data and
22 affordability information, we've been able to
23 end up with a weighted average, residential
24 index. We calibrated it back to a 2 percent
25 index because that's essentially what everybody

71

1 is talking about as it relates to affordability
2 for sewer, and then we put colors, and we
3 attached those colors to this 2 percent
4 calibrated index.

5 Now, when we look at a snapshot at
6 applying the 84 percent rate hikes over the
7 12-year period, and with that color coding you
8 can kind of see for NBC costs only, 20/20,
9 20/23, 20/26 as it starts impacting the various
10 census tracts in the service area.

11 Now, by the time you get to the
12 end, given all the costs that we've captured,
13 then it would suggest you're greater than 2
14 percent if you're defining that as unaffordable,
15 then 56 percent of the households in Central
16 Falls, 444 percent in Pawtucket, 46 percent in
17 Providence.

18 Now, there's other considerations.

19 We were only talking about the NBC annual bill,
20 and its impact to the service area. So when we
21 took it to the next step to try to say, okay,
22 what's really happening, now you have to bring
23 in the unique information for each of those
24 communities. And when you look at, you know,
25 here's a weighted average for that 49 tied in

72

1 here, Providence, Pawtucket and Central Falls
2 make up 72 percent of NBC's service area
3 households, and kind of see where they kind of
4 fall in, into these different numbers. So
5 that's where the most impact is going to occur
6 with everybody kind of below that line.

7 Now, this looks a little busy, but
8 when you think of -- if I took an NBC bill,
9 every census tract has some affordability
10 concerns at the lower income bucket today. So
11 if we look at, you know, that first -- let's see
12 where's the pointer. So I have census tracts,
13 and now I can see that this bucket is really
14 this first bucket less than 10,000, and then
15 we're looking to 10,000 to 15 for the next
16 bucket.

17 So there's already affordability

18 issues that going past hitting, or going past
19 that 2 percent for these levels of income, and
20 these levels of income, and these levels of
21 income fall into every census tract regardless
22 of the city. So we're already starting a
23 starting point at about 30 percent of the
24 service levels having potential problems. And
25 then you can of see as it goes forward, you get

73

1 it to about the 70,000 range and it covers 70
2 percent of the income that are distributed
3 throughout the NBC service area.

4 Now, we knew the NBC bill is only
5 kind of the treatment part, but there's a huge
6 amount of collection system that the cities own
7 that they have to take care of. In fact, going
8 back to that liability and even the report that
9 Ray gave earlier, was essentially in Pawtucket
10 when they have a collapse of their sewer line
11 and they're going to fix it as an emergency
12 repair, what happens, then that actually effects
13 kind of the dry overflow situation.

14 When you look at now the total pipe
15 length, the average age of some of this pipe,
16 and what they would need to start replacing to
17 get back to a more healthy age of the system,

18 then we calculated what the annual costs are and
19 these are annual capital costs for each of these
20 different communities.

21 Now, anybody want to take a guess?
22 That they're actually going after these numbers.
23 You should have seen their jaws dropped during
24 the Stakeholder meeting when they saw this. So
25 we also took a look at some of the storm drain

74

1 capital needs, not as great. Central Falls
2 doesn't have that built into their system, but
3 yet, here's another cost that we needed to look
4 at also.

5 MR. MILAS: Who's the president of
6 the Stakeholder meetings, who are the
7 Stakeholders?

8 MR. BRUEKNER: Well, we have a
9 varied group. We have several communities. All
10 of the communities are represented. We have
11 Save the Bay represented, we have someone from
12 Brown University, we have Brian Bishop, who is
13 just kind of an advocate. We have businesses
14 represented, EPA.

15 MR. BAIRD: This room was full.
16 Now, we already talked about that median burden

17 issue, so I said, okay, what if following the
18 EPA's logic, I built in the 21 million annually
19 that if these municipalities were going to start
20 taking care of all of their aging
21 infrastructure, implement asset management
22 programs, which is interesting that Rhode Island
23 is now saying that they need to have an asset
24 management plan if they want to basically use
25 some of the state revolving funds, and we imbed

75

1 the storm drain costs and some of the O & M
2 costs that they have, build into the equation
3 cost of household 931, and it still comes up
4 under the EPA'S methodology, 1.98 percent, which
5 they would say it's a median burden, and, you
6 know, an annual bill would need to be \$950 to be
7 considered in the IPA's methodology a heavy
8 burden.

9 Once again thought, we understand
10 that even with this information, there's some
11 holes in the data that we talked about, the
12 income sku, and other things. So the next
13 component that we wanted to do was to actually
14 analyze 3 communities. So when we looked at the
15 City of Providence, where they're paying
16 basically fifty to a hundred thousand per year

17 spent on emergency repairs, which is interesting
18 as a financial guy.

19 I know that an emergency repair is
20 going to be two to three times more than a
21 proactive repair job. Nonetheless, estimated
22 infrastructure costs, and this is what they
23 would need to do. And when you look at most of
24 these communities, it's all off of their tax
25 base. They haven't even developed an enterprise

76

1 system with rates and fees and charges to be
2 able to support these programs. And you know
3 how difficult it is to basically increase your
4 property taxes.

5 So you have the blue bars, which is
6 essentially the NBC portion of the bill, with
7 the city's portion if they were going to go
8 ahead and take care of these needs. So a little
9 bit of red on the page. This first line up here
10 basically represents the NBC's portion of the
11 bill only based on their weighted average median
12 household average house income, and you can see
13 that in 2023 is where just for the NBC portion
14 of the bill that it would start raising some
15 issues.

16 When you add in what they would
17 need to do, then you can see where that
18 affordability then moves forward by a couple of
19 years. And this is by year, so we have the
20 census tracts. So I'm not showing it broken
21 down based on the 16 income buckets on this
22 piece, but it's a timeline, so we can see by
23 census tract, you know, how they progress
24 through time to basically get to a, maybe a
25 affordability rate. And we see what the time

77

1 series map starts looking at.

2 MR. WORRELL: Just one question.
3 Earlier when you were showing us how we got down
4 to that 1.67, up there it says EPA Phase I only.
5 Is that the same as our Phase I?

6 MR. BAIRD: No, in there guidelines
7 they have Phase I, the residential indicator,
8 Phase II of their financial capability
9 assessment. It looks at the bonds and stuff.

10 MR. WORRELL: So that includes --
11 the numbers we see up there, include our Phase
12 III having been put into place?

13 MR. BAIRD: Yes.

14 MR. WORRELL: So it's Phase I, II
15 and III's NBC's --

16 MR. BAIRD: That entire capital

17 plan of 2026.

18 MR. WORRELL: That's what you were

19 showing us at one point.

20 MR. BAIRD: Yes. So we can see the

21 number of households that are impacted there at

22 55 percent. When we look at Pawtucket, they're

23 spending 80 to a hundred thousand per year on

24 maintenance and the infrastructure, a lot of

25 that in emergency repairs. They would need four

78

1 million for the water. And you can see how that

2 plays out, not as bad as Central or Providence,

3 but nonetheless, you know, it still has an

4 impact.

5 When you look at Central Falls, it

6 has the lowest income levels. And they're

7 really not spending money on infrastructure, but

8 they would need to start on the 680,000 thousand

9 per year. And when you see what happens with

10 their census tracts, then it deteriorates in its

11 entirety with 61 percent of the household's

12 being impacted.

13 So we really end up with this

14 affordability and comparison overall, so we kind

15 of drilled down and then we did the different
16 case studies because NBC's in that unique
17 component where we have to look as if the
18 treatment costs are uncovered as in its
19 entirety, but then to look at the true impact,
20 you have to look at the individual communities.
21 Any questions?

22 MR. WORRELL: Yeah, I had a
23 question. How or where is the EPA of this
24 disaster?

25 MR. DICHIRO: I think it's

79

1 something that the elected officials need to
2 know because sometimes the government
3 bureaucrats aren't phased by that. Senators in
4 congress need to know that that's going to have
5 this effect on their constituents to vote them
6 out of office. But I think it's something --
7 it's good that we're looking at these numbers
8 now in advance.

9 MR. WORRELL: And you voted for
10 this thing.

11 MR. DICHIRO: Yes, for Phase 1 and
12 2. We didn't vote for III yet.

13 MR. MARSHALL: DEM and EPA know
14 that we're going to come in and we're make a

15 pitch to have Phase III modified, not only in
16 terms of facilities, but also in terms of
17 scheduling. And that's what we have to do next,
18 we have to really look at how can we progress
19 and have the least impact. I mean, it might
20 mean we wait five years, ten years, fifteen
21 years before we start. We do small projects for
22 several years, and put the next tunnel up, who
23 knows, 20 years, but all those numbers now we'll
24 have the tunnel into place. We'll make our
25 pitch to the DEM and EPA, and say this is what

80

1 we think has to be done to make this, keep this
2 affordable for our ratepayers. And those plans,
3 those modifications have been approved by EPA
4 and the state regulators in different locations
5 throughout the country. So not every region is
6 acting the same way, so EPA region I, we'll see
7 how they react. But from being a part of NACWA,
8 what the national leaders there told us and EPA,
9 is if you have a problem with the region, then
10 reach out to us, and we'll all try to sit down
11 and work something out. Because the conference
12 and the mayors, along with NACWA, have been very
13 influential, and coming up with this new

14 criteria saying, look, we have to draw the line
15 somewhere. This is just the water version, if
16 you would, and it does not begin to address the
17 other issues.

18 MR. BAIRD: And in each of these
19 areas, the EPA has typically only seen their
20 1997 methodology, they haven't seen the enhanced
21 methodology. So that's where as we're going
22 back, Akron, Munsee, Baltimore, these different
23 regions of the EPA have only seen historically
24 the 1997 methodology. They have not seen this
25 enhanced methodology that has this greater

81

1 detail to it, and MWH is actually pleading that
2 in conjunction with the U.S. mayor's order
3 counsel, and so in Springfield, Massachusetts
4 and Akron, Ohio, Muncie, Indiana. I'm going
5 back this next month to Baltimore, and we do
6 everything based on this enhanced methodology.
7 So this is where there's some more demo.

8 MR. CAMPBELL: Are there increases
9 for this model?

10 MR. BAIRD: We have the inflation,
11 but essentially if you stripped it out and made
12 everything neutral, then that's what we're
13 looking at. Now, if the economy, you know,

14 boomed, then obviously, it would look more
15 affordable, but if there's another downturn,
16 then it would do the exact opposite.

17 MR. HANDY: Are the cost
18 projections you're using based on the existing
19 plan and budget, or are they based on your
20 modified plans for Phase III? Is that taken
21 into account with the cost projections?

22 MR. RAICHE: That was the existing
23 CDRA recommendations, because we had those
24 efforts going parallel. As good as Greg is, I
25 don't think he would have been able to crank the

82

1 numbers on the revised plan that we just came
2 out with on Thursday.

3 UNIDENTIFIED SPEAKER: So the
4 revised plan (inaudible).

5 MR. RAICHE: Yes, it could, but I
6 don't think it will drastically change what you
7 see. I think that the overall costs are going
8 to be in that same report of magnitude.

9 MR. BAIRD: So when you think of
10 the next step, okay, this is kind of the
11 baseline and the models are set up and things
12 have been calibrated. So what are other

13 adjustments that would need to be made to this?

14 MR. BRUEKNER: I just want to state
15 one thing. This whole project is driven by the
16 need to meet water quality standards, which was
17 discussed at the first Stakeholder meeting.
18 What you have to understand is that even though
19 we do this today, and complete this and we spend
20 our level of affordability, we still would not
21 meet water quality standards all the time.
22 There would be rainstorms greater than the
23 design storm we have designed for, in which we
24 exceed water quality standards. At that point,
25 once you had now reached a point where the could

83

1 afford to spend more, you'd be required to spend
2 more money to continue to meet water quality
3 standards with the bigger storms. So the way
4 the program is set up, we never stop spending
5 money. You always get a reprieve to stop doing
6 things when you spend all you can afford, and
7 that's why affordability is so important because
8 it dictates what you have to do in your program.
9 Water quality standards, because they can't be
10 achieved, they fall back on affordability to
11 determine what the program should be.

12 MR. BURROUGHS: Could you just say

13 a word about changing the water quality
14 standards and how a mess that is?
15 MR. BRUEKNER: Basically, you can
16 do it, it in their regulations, but forget about
17 it. And if even if you do get a change, it's
18 only for five years, and then you have to go
19 back and reevaluate whether they still remain
20 vacant, still be changed, or whether you have to
21 go back to the Clean Water Act and make that the
22 water quality standards.

23 MR. CAMPBELL: On top of the costs
24 all these people or most of these people have to
25 also buy water?

84

1 MR. BRUEKNER: Yes, they do.

2 MR. CAMPBELL: So they buy the
3 water and then they pay for it on both ends?

4 MR. BRUEKNER: I believe there are
5 increased costs for water treatment (sic), as
6 well, further requirements.

7 MR. MILAS: How much influence does
8 the Stakeholder's group have in the final
9 decision making. I'm sitting thinking wouldn't
10 the Board of Realtors be having a heart attack
11 right now that in these communities, you know,

12 yes the taxes alone in Lincoln, but your water
13 bill's \$2,000, you know, your bill's 2,000 a
14 month. Everybody's going to move to South
15 County, the fastest growing region. I mean,
16 there's so many variables here for argument.
17 Are all of those other arguments taken into
18 consideration in your appeal to the EPA with our
19 Congressional delegation, or something, because
20 there's so much, and state tourism is going to
21 be having a heart attack.

22 MR. MARSHALL: As far as the
23 Stakeholder's group goes, we listen to what they
24 have to say. Some of the things they raise very
25 good points and we can do something about it,

85

1 others there's really not much we can do, but
2 one of the real values of having the
3 Stakeholder's Group, and we saw this the first
4 time, is that there's some very, very different
5 points of view, the two ends of the spectrum.
6 So they hear each other and somehow they all
7 begin to realize, or each of them begin to
8 realize that they're not going to get what they
9 want. They're going to end up somewhere in the
10 middle, which is, of course, is where we find
11 ourselves all the time. Do more, we don't care

12 how much you spend. What are you crazy, you
13 can't spend any more than you're already
14 spending now.

15 So we have the plan based on their
16 input, but at least everyone who has wanted to
17 have a say was wanted to have some input, we've
18 tried to afford them that opportunity, but very
19 few of them are going to get exactly what it is
20 they want. So it's a valuable process. We
21 participate. We look at what all the other
22 opinions are, and then we have to go to you, our
23 Board, and say, okay, how do you want us to
24 approach this? We would like to go with an
25 approach that says we have an affordability

86

1 issues and we want more time to do Phase III,
2 whatever Phase III exactly ends up being -- it's
3 not going to be all that important, it's all
4 going to be in the same ballpark. I mean, 50
5 million here.

6 I don't mean to be a wise guy, but
7 50 million here, 80 million here is not going to
8 be make a lot of difference in the affordability
9 impacts. So whether it's the current plan or
10 the revised plan, in order to meet water

11 quality, like Tom says, you just have to build
12 certain things.

13 MS. MILAS: When you put that
14 packet together for the EPA. Okay, here's our
15 decision. Is it a binder with all of the
16 interested parties, and they go Board of
17 Realtors, and here's all the reasons why they
18 hate it. The Tourism Council, so you have a
19 strong case of evidence above and beyond what we
20 think?

21 MR. MARSHALL: Part of what we
22 would submit would be all of the minutes. All
23 of the Stakeholder's meetings that sort of
24 summarized or -- it doesn't summarize, does it,
25 it lays out everything everyone says and all the

87

1 concerns that everyone had. Whether anyone will
2 actually look at all of that part, I don't know,
3 but they'll certainly look at what it is we're
4 asking for, or what we're recommending.

5 MR. BAIRD: And then the financial
6 component, we have to do the 1997 calculations,
7 and then we add the enhanced components. We're
8 going to demonstrate the three case studies
9 here. And we'll have other paragraphs to talk
10 about, you know, unemployment and housing, and

11 maybe we'll be doing a paragraph on climate
12 change components that we don't know the cost,
13 but they're out there to. So you can throw in
14 other pieces as a paragraph, and then supposedly
15 they would take all things into consideration.
16 We know that their biggest consideration is you
17 did the methodology that they rolled out that
18 they trusted in the last couple of decades.

19 MR. GADON: The only solution is
20 going to stretch it out, how long to stretch it
21 out.

22 CHAIRMAN MESOLELLA: You know, it's
23 not that simple. Get the screen up, please. So
24 we had this discussion just the other day about
25 stretching it out, and mitigating the impacts,

88

1 the rate impact on ratepayers. What's the rate
2 of interest today, Karen?

3 MS. GIEBINK: We funded bonds at
4 three and a half percent.

5 CHAIRMAN MESOLELLA: Three and a
6 half. Does anybody here think rates are going
7 down three and a half to three, to two and a
8 half? I'd be willing to wager five years from
9 today, or seven years from today, rates are

10 going to be significantly higher, maybe not
11 significant, but they're going to be higher than
12 three and a half percent. So what I've been
13 talking about is generating a model that shows,
14 you know, what happens with extending the life
15 of this project in today's dollars, and what the
16 impact is with the seven-year program.

17 So a seven-year program to a
18 fifteen-year program or a seventeen year
19 program, in today's dollars, what's the impact
20 on rates? That makes some assumption on
21 interest rates, because every time the rates
22 click up, you know, either a hundred basis
23 points or 50 basis points, all the money that
24 you think you saved by stretching the project
25 out five years, or seven years or nine years,

89

1 are impacted.

2 MR. CAMPBELL: But the construction
3 price.

4 CHAIRMAN MESOLELLA: And
5 construction price. You know, construction
6 prices today are probably at all time lows,
7 right. So it's not just an extension, in my
8 opinion, this is only the Chairman speaking.
9 And I don't want you to forget that I am the

10 Chairman.

11 Rich and Greg, thank you for this

12 presentation today, because you really

13 highlighted a lot of the issues that I've been

14 talking about with regard to affordability and

15 the impact on the cost of this project for our

16 ratepayers. And I think it's now become very

17 obvious to everyone, and I think everyone

18 understands that. By the way, I thank everyone

19 for staying here for this, because it really is

20 important that we all understand, you know, what

21 the future impacts are financially on our

22 ratepayers. And I particularly paid attention

23 to Tom's remarks about we're always going to

24 have to spend money, and it's never going to be

25 affordable. So then the philosophical question

90

1 which I had a discussion with Commissioner

2 Worrell outside a little earlier about it is,

3 you know, how clean is clean? And at would

4 point is clean clean enough? And you all

5 remember the discussion we had about the

6 nitrogen removal, and the cost of nitrogen

7 removal and that's another battle we may very

8 well be confronted with some time in the future.

9 Ray and I have been talking about that and with
10 our position with that, because there's no
11 demonstratable difference between five parts and
12 three parts, right.

13 So why would we be forced to expend
14 another 76 or how many, a dollars more for that
15 improvement level, which it's not at the end
16 there is no demonstrable improvement. So there
17 is a very serious philosophical discussion I
18 think to be had, and I think we need to figure
19 out, and I don't know what the answer is, but
20 these impacts are traumatic. They are dramatic,
21 and we don't know where the end is. We'll go
22 from there. We'll just continue to see what the
23 EPA and DEM says, and maybe at some point we'll
24 need to have a discussion with our Congressional
25 delegation about the entire concept and

91

1 philosophy of the Clean Water Act. Rich.

2 MR. WORRELL: You know, along those
3 lines, EPA and DEM have a job to do, and their
4 job is cleaning up everything as clean as we can
5 get. So they're mandating and their function
6 and their passion is towards doing this. But
7 they're not the ones that have to pay for it.

8 And it seems to me that congress

9 created and the state legislative created these
10 two bodies, and I'm glad they did. Maybe it's
11 time for congress to really change its gears,
12 and we should be leading the fight on this, I
13 think, to bring to the attention of our
14 Congressional delegation. Look, it's fine for
15 you to go give a free leash to DEM and to EPA,
16 but for crying out loud you're going to have to
17 help fund this thing because we cannot keep
18 keeping these unfunded responsibilities on the
19 ratepayers, you know. There's an end to it.
20 And I think that's not going to be a story they
21 want to hear.

22 That's not going to be a story that
23 they're going to act on this year or next year,
24 but I think it's time to start screaming about
25 it, and I think we have a responsibility somehow

92

1 or other to begin doing that.

2 CHAIRMAN MESOLLELA: I agree.

3 MR. MARSHALL: If I could just add
4 to that. That's the type of thing that NACWA,
5 that we belong to that organization has been
6 doing along with the conference of mayors for
7 the last several years. And the best that EPA

8 is willing to do is to create the flexibility
9 for affordability.

10 There has been talk about that the
11 whole Clean Water Act needs to be reauthorized,
12 and there are quite a few people that think it
13 would probably be a reasonable thing to do, but
14 there are just as many people who will fight to
15 the death so that it can't be changed. And you
16 know, with congress, they can't agree on what
17 time it is, never mind whether to change the
18 Clean Water Act.

19 But that doesn't mean that over the
20 next several years that situations like ours
21 become more and more and more prominent, that
22 the tide won't change. Because we're, in terms
23 of CSO control, we're probably out on the edge
24 of the curb in terms of doing things that a lot
25 of communities that are just starting their CSO

93

1 program, like Hartford and Cleveland. So we've
2 already accomplished a lot, they're just
3 starting and they're just starting to realize
4 where they're going to end up if they carry it
5 all the way to the finish line.

6 MS. MILAS: Are there also impact
7 studies from called Commerce RI, or EPC, or DEM

8 that shows how many million new businesses are
9 coming to Rhode Island because the bay is
10 cleaner and the CSO project is such a success.
11 So at least you do know, you know, what it's
12 offsetting. It's really expensive, but the
13 benefit has been tremendous. The obvious
14 benefit is there, but economic development,
15 we're trying to create jobs and bring businesses
16 in, so can we request of the state to show us
17 that?

18 CHAIRMAN MESOLLELA: I can tell you
19 that this is dated, so I don't know what the
20 situation is today, but about five years ago
21 they actually did take a look at what fee
22 services cost the business are impacting a
23 decision for Rhode Island. There's a lot of
24 reasons today. We all know not to come to Rhode
25 Island. But the good news is, all of that is

94

1 sewer rate fees was at the bottom of the list.
2 So people would not come to Rhode Island because
3 wastewater treatment was prohibited.

4 MR. ROTELLA: So we're going to try
5 to change that.

6 CHAIRMAN MESOLELLA: So we have a

7 goal and that is to stay at the bottom, and not
8 be at the top. And, you know, when you talk
9 about things like we just heard today, yeah, we
10 could possibly be, because, you know, don't
11 forget this is being done all over the country.
12 It's not just Rhode Island, it's happening
13 everywhere. So, but, like I said, five years
14 ago, I remember that study -- I forget who put
15 it out, but I can get, because, you know, sewer
16 rates, wastewater treatment rates was the bottom
17 of the concern. Energy consumption at the time
18 was the high priority, but not water treatment.

19 MR. DICHIRO: And I think it maybe
20 a good time to just reiterate that or explain it
21 further to the congressman and senators who have
22 control of the EPA, and tell them, you know, in
23 2026, we're projecting 66 percent of households
24 and certain communities cannot afford this, so
25 we're are we going. At what cost is the clean

95

1 water going to be cleaner.

2 CHAIRMAN MESOLLELA: And as Ray
3 said, we have NACWA, which lobbies for agencies
4 like ours throughout the country. I think the
5 time has come, and I agree with Commissioner
6 Worrell that it's really time for a, you know, a

7 philosophical discussion with the congressional
8 delegation about, maybe redefining the goal of
9 the Clean Water Act to make it more realistic
10 than I think it is.

11 MS. MILAS: I'd like to go see you
12 testify in congress, Mr. Chairman.

13 CHAIRMAN MESOLLELA: Try to
14 maintain the quorum, I will if I can.

15 MR. MARSHALL: It might make the
16 NBC nightly news.

17 CHAIRMAN MESOLELLA: All right.

18 Well, okay, thank you, of course, for sitting
19 through this. It was a great presentation. It
20 really drives home the issues that we're
21 confronted with. It's probably maybe the major
22 issue that the Board is confronted with in the
23 next several months, so thank you, very much for
24 sticking around. And you know, what maybe some
25 time in the very near future, we'll commend

96

1 another meeting. It doesn't have to be an
2 official meeting. We can have more comments and
3 discussion about what we just heard today. All
4 right. Having said that, Commissioner Rotella.

5 MR. ROTELLA: Move to adjourn.

6 CHAIRMAN MESOLELLA: Seconded by

7 the entire commission, I am sure. Thank you.

8 We are adjourned.

9 (HEARING ADJOURNED AT 12:15 P.M.)

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1 C-E-R-T-I-F-I-C-A-T-E

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3 I, PAULA J. CAMPAGNA, CSR, a Notary
4 Public, do hereby certify that the foregoing is
5 a true, accurate, and complete transcript of my
notes taken at the above-entitled hearing.

5

IN WITNESS WHEREOF, I hereunto set my
hand this 26th day of November, 2014.

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PAULA J. CAMPAGNA, CSR, NOTARY PUBLIC/CERTIFIED
COURT REPORTER

MY COMMISSION EXPIRES: April 25, 2018

IN RE: NBC Monthly Board Meeting
of the Commission

DATE: October 28, 2014