

EXECUTIVE COMMITTEE MEETING  
JUNE 11, 1999  
MINUTES APPROVED AT THE SEPTEMBER 10, 1999 MEETING

Present: Guy Carbone, BELMONT; John Sullivan, BOSTON; Ed Sullivan, CANTON; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Bernie Cooper, NORWOOD; Joe Foti, SOMERVILLE; Walter Woods, WELLESLEY.

Also in attendance: John Carroll, Norman Jacques and Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Steve Goldberg, MWRA ADVISORY BOARD LEGAL COUNSEL; Tom Powers and Richard Goldstein, MWRA; Joseph Favalaro, Ryan Ferrara, Cornelia Potter, Craig Sanderson and Mary Ann McClellan, MWRA ADVISORY BOARD.

**I. APPROVAL OF THE MINUTES**

The meeting, held at the Advisory Board office, was called to order by Chairman Joe Foti at 8:40 a.m. A Motion was made **TO APPROVE THE MARCH 12, 1999 AND APRIL 16, 1999 MINUTES OF THE EXECUTIVE COMMITTEE.** It was seconded and passed by unanimous vote.

**II. UPDATE: STATUS OF THE APPEAL OF THE NPDES PERMIT**

Joe Favalaro stated that based on discussions at the last Advisory Board meeting, steps have been taken, in conjunction with the MWRA, to appeal the NPDES Permit. Tom Powers of the MWRA, Richard Goldstein, lead Attorney for the MWRA appeal, and Steve Goldberg, Legal Counsel for the MWRA Advisory Board, attended the Executive Committee meeting.

Tom Powers stated that staff is working on a staff summary for the Executive Session of the Board of Directors discussing options. Mr. Powers expectation was that the summary would recommend appealing some number of issues.

A Motion was made **TO MOVE THE DISCUSSION TO EXECUTIVE SESSION FOR THE PURPOSE OF POTENTIAL LITIGATION.** It was seconded, and a roll call vote was taken in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Sullivan, John		
Sullivan, Ed__		
Hersey		
Haynes Dunphy		
_____ Cooper		

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Foti		
Woods		

When the Committee came back into Open Session, a Motion was made **TO UTILIZE THE LEGAL FUND TO RETAIN THE SERVICES OF ATTORNEY STEVEN GOLDBERG TO REPRESENT THE MWRA ADVISORY BOARD IN THE MATTER OF THE NPDES APPEAL**. It was seconded and passed by unanimous vote.

### **III. ACTION ITEM: LOCAL PIPELINE IMPROVEMENT PROGRAM**

Mr. Favaloro stated that at the last Local Pipeline Task Force (LPTF) meeting, a Motion was made to submit the Program for Executive Committee approval. The Authority and the Advisory Board felt that it would be appropriate for DEP to administer the program, based on the guidelines, criteria and scoring system established by the LPTF.

John Carroll noted that Norwood would never get anything under this point system, and asked, "Why is this so complicated? Why can't we say that certain projects are eligible?" Mr. Favaloro reported that, "The state will not participate if it is not a targeted program."

John Sullivan stated, "If Boston were to vote on this on June 17th, we would vote against it. When we asked the state if we could get 80% of the money to each of the communities, and then put the remaining 20% together to be targeted, they said no. The state said the first \$20 million has to be spent as targeted, see how it goes, then we'll talk again. All we can do is bring it to a vote of the Advisory Board, the Board votes it down and we send a clear message back to the state."

Mr. Favaloro stated, "If the committee wants to do that, Boston needs to be there if you're going to send that message."

An Executive Committee member asked, "Why did the state take that position?" Mr. Favaloro stated, "For the overall good of the system, if you take care of your weakest link, it will benefit all."

Mr. Woods stated that he would like to see an economic feasibility study of exactly how much the towns or cities are benefiting by this program. "If we borrow \$20 to \$60 million, the interest rates are around \$99 million. If the interest rates go up, I wonder how much that will affect this program. I would like to see a figure that the town or city can look at and say this program will benefit me or it won't."

Ed Sullivan made a Motion **TO ACCEPT THE LOCAL PIPELINE IMPROVEMENT PROGRAM**. It was seconded and opposed unanimously.

John Sullivan made a Motion **THAT THE LOCAL PIPELINE IMPROVEMENT PROGRAM BE SENT BACK TO THE LPTF WITH THE RECOMMENDATION THAT 20% OF THE MONEY AVAILABLE WILL BE ASSESSED TO THE CRITERIA ESTABLISHED BY THE RATING SHEET. THE REMAINING FUNDS WILL BE AVAILABLE TO THE COMMUNITIES IN THE PROPORTION THAT THEY PAY THE MWRA WATER ASSESSMENT**. Walter Woods seconded and the Motion was approved unanimously.

**IV. ACTION ITEM: UNDER THE MWRA'S STRADDLE POLICY, AN APPLICATION BY WESTMASS AREA DEVELOPMENT CORPORATION TO CONNECT INTO THE MWRA SYSTEM IN CHICOPEE FOR A PROJECT PARTIALLY LOCATED IN SPRINGFIELD**

Joe Favaloro reported that Westmass Area Development Corporation is planning a major development on the Chicopee/Springfield line. All but one building is in the Town of Chicopee. The remaining structure is in the City of Springfield. Westmass requests to enter the system through Chicopee to provide this building with approximately 20,000 gallons of water per day. It would be billed at the Chicopee Valley Aqueduct (CVA) rate. Westmass has agreed to conditions set by the Operations Committee. The entrance fee is approximately \$28,000 and will be paid when the building is constructed.

Joe Foti asked, "If the building is built in eight years, is the entrance fee still \$28,000?" Joe Favaloro replied, "No. Westmass would pay the recalculated rate based on what the charges are at that time."

Bernie Cooper asked, "What is the CVA rate and where is that headed?" Mr. Favaloro replied, "It is a fully loaded rate, based on the costs associated with the projects in the Quabbin area. It is less than the per million gallon rate for the greater Boston area."

Bernie Cooper made a Motion **TO APPROVE, UNDER THE MWRA'S STRADDLE POLICY, AN APPLICATION BY WESTMASS AREA DEVELOPMENT CORPORATION TO CONNECT INTO THE MWRA SYSTEM IN CHICOPEE FOR A PROJECT PARTIALLY LOCATED IN SPRINGFIELD.** It was seconded and approved by unanimous vote.

**V. STATUS: MWRA CIP & CEB BUDGETS**

Cornelia Potter stated that the Authority has increased the ten-year budget for the capital program by \$104 million, compared to the Advisory Board's recommendations which would have brought the budget down to \$200 million less than the current budget. The \$104 million reflects decreases of \$74 million, but increases of \$179 million. Next year's spending plan also increases by nearly \$25 million and includes extra claims and contingency allowances, primarily because the Authority has added funds to the Tunnel Claims Contingency Fund for the Outfall Tunnel with the anticipation that all the claims issues will be resolved in the immediate year ahead.

The three-year spending plan has increased by \$61 million. The Authority's response to the Advisory Board recommendations is still being drafted, but thus far it is anticipated that 55 of staff's comments will be agreed with for a reduction of \$65 million. Of the \$74 million decrease, \$65 million relates to specific recommendations of the Advisory Board in this year's review.

For the Current Expense Budget, the Authority has indicated that the rate revenue requirement for next year will be 5.2% increase.

## Executive Committee Minutes - June 11, 1999

All spring the Authority has been anticipating greater than budgeted spending for this year due to the deliberate under budgeting of residuals. MWRA has said that they are going to need an amendment although the variance is narrowing quickly, and they may not need that amendment.

Katherine Haynes Dunphy asked, "The Advisory Board requested that the MWRA put a cap on capital spending, where is that request going?" Ms. Potter replied, "The committee is considering a proposal to study a series of ten or more key projects, the changes in capital spending over previous budgeted amounts, shifts and schedules. The committee has no sense of urgency on the speed with which the study goes forward. Advisory Board staff tried to point out that in the next 12 months, there will be ten contracts to be awarded, a total of \$500 million; and in the next 24 months, the Authority will be awarding \$750 million of new capital spending. In other words, the ability to influence the shape and scale of the capital programs is happening in the next 12 months."

Tom Powers asked, "Didn't we give the Board a six-month summary of the main things coming as a way to address the point Katherine makes?" Ms. Potter replied, "One point Advisory Board staff was trying to make is given the scale of the contracts that are going to be awarded in the coming year, six months in advance is late on the schedule for trying to influence whether or not that project should go forward."

Mr. Favaloro also noted, "A project coming to the Board for discussion in the context of that one project, you could see all the positives and necessary reasons to do it. You almost need to have that project in relationship with the entire group of other projects to determine if the scope or the time is appropriate."

Mr. Favaloro asked, "If the Authority were to need the budget amendment for the end of this fiscal year, how were they intending to fund that budget amendment?" Ms. Potter replied, "The Authority was going to take \$3 million from the unbudgeted SWAP income which had been subtracted from the projections assuming that it would need to be spent this year, so there are at least \$3 million in additional funds to be considered part of the rates management."

Peter Hersey asked, "Is the 5.3% increase still in negotiation?" Ms. Potter responded, "Yes. It represents the status of the staff's work on bringing the budget down, and the result of the hearings in May on the Current Expense Budget. But, it still reflects the emerging discussion on the use of reserves, dealing with SRF restructuring and the potential offset of the \$1.36 million Insurance Reserve addition."

## **VI. INTERVIEW AND NOMINATION OF CANDIDATE(S) FOR THE BOARD OF DIRECTORS**

John Carroll

Mr. Favaloro reported that June 3rd was the cut-off date to accept letters of intent to serve on the Board of Directors. John Carroll sent notice that he wants to serve another three- year term. No other letters were received.

John Carroll stated, "I have tried to be a good Board member and tried my best to accommodate the desires of the Executive Committee and the full Advisory Board. I have tried to be honest and hard working, and to build coalitions on the Board. Everybody seems to be working well together. I have worked hard and achieved a lot of objectives and I'll do the best job I can if I am elected."

Executive Committee Minutes - June 11, 1999

Mr. Jacques commented, "Because the Board has transitioned quite a bit, John provides leadership. I'm happy that he has decided to stay."

Mr. Carroll stated, "The three (Mr. Carroll, Mr. Jacques, Mr. Pappastergion) of us work very well together, and I am very happy with it."

Mr. Carbone made a Motion **THAT THE NOMINATIONS BE CLOSED, AND THAT THE EXECUTIVE COMMITTEE CAST ITS BALLOT FOR JOHN CARROLL AS THE ADVISORY BOARD'S REPRESENTATIVE TO THE MWRA BOARD OF DIRECTORS FOR THE NEXT THREE YEARS.** It was seconded and passed by unanimous vote.

**VII. ANNUAL EVALUATION OF THE ADVISORY BOARD EXECUTIVE DIRECTOR**

Postponed until a later date.

**VIII. APPROVAL OF THE ADVISORY BOARD AGENDA FOR JUNE 17, 1999**

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE JUNE 17, 1999 MEETING.** It was seconded and passed by unanimous vote.

**IX. QUESTIONS AND COMMENTS**

**No questions or comments.**

**X. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 10:40 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary