

**EXECUTIVE COMMITTEE MEETING  
OCTOBER 13, 2000  
MINUTES APPROVED AT THE NOVEMBER 9, 2000 MEETING**

Present: Guy Carbone, BELMONT; John Sullivan, BOSTON; Timothy MacDonald, CAMBRIDGE; Ed Sullivan, CANTON; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Stanley Stanzin, NEEDHAM; Jay Fink, NEWTON; Bernard Cooper, NORWOOD; Ted McIntire, READING; Joseph Foti, SOMERVILLE; Stephen Casazza, WAKEFIELD; Walter Woods, WELLESLEY.

Also in attendance: John Carroll and Norman Jacques, MWRA BOARD OF DIRECTORS; Joseph Favaloro, Cornelia Potter, Ryan Ferrara, Nathalie Grady and Mary Ann McClellan, MWRA ADVISORY BOARD.

**I. APPROVAL OF THE SEPTEMBER 15, 2000 MINUTES OF THE EXECUTIVE COMMITTEE**

The meeting, held at the Advisory Board office, was called to order by Chairman Joe Foti at 8:33 a.m. A Motion was made **TO APPROVE THE SEPTEMBER 15, 2000 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

**II. Advisory Board at 150**

**A.) November meeting "happenings"**

Joe Favaloro noted that the November 16<sup>th</sup> meeting at the State House will mark the 150<sup>th</sup> Advisory Board meeting. To mark the occasion, invitations have been extended to Governor Cellucci, Lt. Governor Swift and Judge David Mazzone. The Governor has a conflict, but Lt. Governor Swift and Judge Mazzone are expected to be in attendance.

**B.) Special Report**

The next Advisory Board "Special Report" will be published in November. The report will include a timeline, which chronicles the Advisory Board's accomplishments between 1985 and 2000, and will outline future challenges.

**C.) 2000 Water & Sewer Retail Rate Survey**

One of the features incorporated in the Water and Sewer Retail Rate Survey (Survey) over the past few years was a listing of an additional 150 communities' water and sewer rates provided by the Commonwealth. As part of the Low-Income Water Assistance Program, the state needed to ascertain water and sewer rates for the communities. As part of our legislative agenda a few years ago, it was agreed that the qualification for the program should be based on the person's need, as opposed to the community rate, therefore the Commonwealth no longer needs the rate information.

There is ongoing debate among the Authority and the Advisory Board on the Survey's role. The Survey is based on the recognized standard of 90,000 gallons per household. The MWRA has begun to evaluate every community individually and have determined that water usage is between 50,000 to 70,000 gallons and has asked staff to incorporate that view into the Survey. Caveats have been placed on how the Survey should be used. The Survey questionnaire included a request from communities on per capita usage. Additionally, staff has obtained DEP information from MWRA staff on per capita usage and still does not have data that can be considered accurate. Staff will try to incorporate the DEP reports as an addendum to the Survey.

John Sullivan stated that he preferred to normalize the per capita figure at 90,000 gallons because it provides a useful comparative benchmark. He suggested making charts and graphs available to the communities via email so that communities can calculate it themselves. Peter Hersey suggested graphs for 50,000 to 80,000 gallons in an addendum, just for information.

After much discussion, the Executive Committee determined that the Operations Committee would perform a review of the I/I Program to determine if changes need to be made. The results of the review can be included in the Advisory Board's CIP comments in February.

### **III. Advisory Board Lease Discussion**

Mr. Favaloro noted that the current Advisory Board lease is locked in a rate of \$23.75 per square foot until December 2001. The current range of costs in the Miller buildings is between \$36 to \$39 per square foot. After discussions with Mr. Miller's staff, it is foreseeable that thirteen months from now, if the market continues, the square foot charge could be in the low \$40's, resulting in increased lease costs of \$47,000 to \$50,000, plus minor extras. After a series of meetings with Mr. Miller, he agreed to lock in a rate between now and 2004 of \$35.75 per square foot. In return, on December 1, 2000, the Advisory Board would have to give up the \$23.75 and move to \$35.75. That means over the life of the lease, if the rate is \$40.75 in 2001, by locking in the rate now, costs of \$4,000 to \$24,000 at \$43.75 could be avoided. Moving to another location would probably cost \$25,000, between wiring telephone systems, networking and moving costs.

John Sullivan stated that he felt it was important for the Advisory Board to have a presence at a downtown address. It is simply the cost of doing business. He stated that keeping the \$23.75 rate through 2001 would be preferable. Norman Jacques suggested negotiations should take place in February or March. Maybe the price would come down another 75 cents per square foot. Katherine Haynes Dunphy noted that if negotiations are done in February, payment could be made retroactively to December 1.

### **IV. FY01 Legislative Strategy**

Mr. Favaloro stated that in order to get into the mix early, and schedule public meetings to begin to generate some discussion, Legislation for the upcoming session needs to be filed by December 10. Once there is an approved legislative package, staff would then seek House and Senate sponsors, and then convene the legislative caucus to provide all members the opportunity to sign off on all of the Advisory Board pro ratepayer legislation and provide opportunity to talk about Legislation within the caucus circle. The Advisory Board initiatives will include:

- The expansion of debt service assistance to include water treatment related components.
- The increase of eligible percentage of debt service assistance from 20% to 25%.
- Proposed state funding of the I/I Assistance Program.
- Support of Massachusetts Clean Water Council initiative to return SRF to 0% interest from 2%.
- Propose the incorporation of the MDC into the MWRA.
- The return to a 50/50 split between MWRA and the Commonwealth for the MDC Division of Watershed Management budget.
- Propose that the Commonwealth assume the debt service for land acquisition costs and pilot payment costs.
- Propose further review of MDC budget by the MWRA Advisory Board.
- Propose exemption of MWRA from "fringe benefit rate" assessment.
- Propose maximum MWRA liability amount of \$100,000.
- Propose that the Commonwealth fund 100% of local share of Clinton Wastewater Treatment Plant costs.
- Propose privatization of the Clinton Wastewater Treatment Plant.

- Language authorizing MWRA to enter into Lease/Leaseback financial transactions per the Federal Income Tax Regulations.
- Language to allow the Authority to contract for advertising at MWRA facilities' properties.

Mr. Favaloro noted that staff will meet over the next few weeks with the Authority and their lobbying staff (Emmett Hayes) to work on the overall list of initiatives.

Ms. Dunphy asked if the Authority plans to seek revenue from the use of their facilities for telecommunication towers. Ryan Ferrara stated that the Authority is in the midst of putting together a new telecommunications plan, which includes putting up new communications towers for their covered storage facilities and the new treatment facility in Marlborough. There may be additional opportunities for the Authority to allow for piggy backing on that. It is important that we don't drop the issue and keep pressure up to offer communities the opportunity to piggyback.

Mr. Favaloro stated that the legislative "plan" will be presented in November to the Executive Committee and full Advisory Board for an official vote so that the weight of the communities is behind the legislation to be filed in December.

#### **V. MDC Watershed Division Issues and Concerns**

Advisory Board staff has scheduled a meeting with Avril Elkort, a member of the MDC Board of Commissioners, to communicate directly to try to strengthen the relationship between the MDC Watershed Division and the Authority/Advisory Board. Staff will also try to schedule meetings with the other Board members to give them a perspective on what needs to happen in order to make the MDC more accountable.

Walter Woods asked how the money flows to the MDC. Mr. Favaloro responded that MDC, as an agency of the Commonwealth, has an approved budget on July 1. The MDC spends the money through the course of the fiscal year, and submits a quarterly bill to the MWRA for reimbursement.

#### **VI. CIP/CEB Budget Updates**

Cornelia Potter reported that the Authority received a rating upgrade this week from Moody's and Standard & Poor's in anticipation of their most recent bond issue, which was placed October 12<sup>th</sup> for \$150 million. This borrowing should take the MWRA through next spring when they plan to borrow between \$180 and \$200 million.

The capital budgets for FY02 have been prepared in draft form and are going through divisional reviews. The Authority expects to have a draft of the overall spending plan in about one month, which will be finalized for Board approval in December for Advisory Board review to begin in January. The Authority is also in the process of preparing a preliminary FY02 Current Expense Budget even though they haven't yet published the FY01 budget.

The Authority is still planning to use as a goal no more than a 2.5% increase in base operating expenses, plus incremental increases for operating new projects. MWRA continues to work to reduce staffing levels, reporting to the Board of Directors last month the elimination of 60 vacant positions, with plans to eliminate another 20 to 25 vacant positions this year. The number of filled positions is 1,610, the lowest in five years. The Authority continues to publish rate projections that show rate increases of 7% between now and FY07.

#### **VII. Approval of the Advisory Board Agenda for October 19, 2000**

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE OCTOBER 19, 2000 MEETING.** It was seconded and passed by unanimous vote.

### VIII. QUESTIONS/COMMENTS

Mr. Favaloro reported that the Authority will submit for Board approval next week the selection of Black and Veatch to perform a competitiveness study on all aspects of MWRA operations. A principal responsibility will be a staffing plan of the MWRA for short, mid and long term. The report is due to the MWRA in March or April.

Ed Sullivan asked what caused the spill at Deer Island? Ms. Potter stated that a gate was shut down for repairs which in turn shut down another gate, diverting about 4 million gallons of flow from primary treatment, around secondary, directly into the disinfection basin and straight to the tunnel. Representatives from National Marine Fisheries, EPA and DEP were there, looking down into the basin. Because it was recognized so quickly, the Authority threw a lot of extra chlorine at it and did not violate any conditions of the permit. To the Authority it was a minor incident, but creates the imagery that the Authority is trying to minimize something that could be more significant. The Authority published an advisory and subsequent statement reporting that the lab testing after the dosage had been upped.

Guy Carbone asked if the problem that caused this had been identified. Ms. Potter said it was specifically a combination of worker error and some of the instrumentation systems, which they are already revisiting.

Mr. Favaloro stated that the Advisory Board Personnel Policy requires each employee to have a Tax Deferred Annuity (TDA). Currently, the office has set 12.5% of salary to be contributed to the TDA account. Mr. Favaloro requested that the Executive Committee allow a greater level of flexibility for employees to determine the amount placed in their accounts. The Auditor suggested a range between 8.5% to 12.5% that the employee at his or her own discretion can place into the TDA account. A Motion was made **TO CHANGE THE 12.5% DEDUCTION FOR TAX DEFERRED ANNUITIES TO A RANGE OF 8.5% TO 12.5%, AT EACH EMPLOYEE'S DISCRETION.** It was seconded and passed by unanimous vote.

Steve Casazza stated that he would like more dialogue and information brought to the Executive Committee and full Advisory Board to remain involved and informed on sewer expansion issues such as Wilmington's and how DEP or Ipswich River groups are delaying some of the actions. He noted that under Public Works, studies were done on a regional basis to select the Deer Island Wastewater Treatment Plant site. Mr. Favaloro noted that with some of the decisions coming from DEP relating to partially sewerred communities, the impacts would be dramatic if Wilmington is denied the opportunity to expand their system and tie into the DITP.

Mr. Favaloro stated that the argument given to the partially sewerred communities on sewer rate methodology is that total population is a component of cost because the facility was sized to assume that partial communities might someday have all their flow go into the DITP. If the partially supplied communities are denied expansion, they will look to the MWRA to build satellite treatment plants to cover their flow because they would have felt that they have already paid for it. There is a lot at stake here. The Advisory Board will request a representative from the Water Resources Commission to discuss their policies at the January Executive Committee or Advisory Board meetings.

John Carroll suggested that the Executive Committee send a congratulatory letter to Phil Farrington on his new position as Town Manager of Arlington.

### IX. ADJOURNMENT

A Motion was made **TO ADJOURN THE MEETING AT 10:28 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary