

**MWRA ADVISORY BOARD MEETING
JANUARY 18, 2001
WELLESLEY TOWN HALL
525 WASHINGTON STREET, WELLESLEY, MA**

MINUTES APPROVED AT THE FEBRUARY 22, 2001 MEETING

Seventeen members were present: E. A. Maguire, ASHLAND; Al Renzi, FRAMINGHAM; J. R. Greene, GUBERNATORIAL APPOINTEE; Bruce Kenerson, LYNNFIELD; Ed Bates, MAPC; Dana Snow, MARBLEHEAD; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Stanley Stanzin, NEEDHAM; Bernard Cooper, NORWOOD; Ted McIntire, READING; Joseph Foti, SOMERVILLE; Stephen Casazza, WAKEFIELD; Walter Woods, WELLESLEY; Jean Thurston, WESTON; Brad Hayes, WEYMOUTH; Rob Antico, WILMINGTON.

Also present: Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Joe Boccadoro, EARTH TECH; Robert Eiben and Robert Lexander, DEDHAM-WESTWOOD WATER DISTRICT; Ron Joseph, Stacey Donnelly, Joshua Das, Pam Heidell and Lorraine Downey, MWRA STAFF; Joe Favaloro, Cornelia Potter, Ryan Ferrara and Nathalie Grady, MWRA ADVISORY BOARD STAFF.

AGENDA

A. WELCOME

The meeting was called to order at 7:40 p.m. by Chairman Joe Foti, who welcomed everyone to Wellesley.

B. APPROVAL OF THE MINUTES FROM NOVEMBER 16, 2000

A Motion was made **TO APPROVE THE MINUTES FROM THE NOVEMBER 16, 2000 ADVISORY BOARD MEETING**. It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR

Joe Favaloro, Executive Director of the Advisory Board, stated that during a discussion with Secretary of Environmental Affairs, Robert Durand, he was asked what the Advisory Board's position is on privatization. Mr. Favaloro responded that the Advisory Board's position is to utilize the most responsible way of doing business and stated that there are three issues. First, the ratepayers have paid over \$4 billion to build assets, which must be protected. Second, communities must continue to receive quality water and sewer services. Third, ratepayers must be guaranteed that they will receive these services at the best price.

The focus of the meeting was the Governor's plan to reduce debt service assistance. Over the last few years, the Commonwealth has level funded debt service assistance. For each of the last three fiscal years, \$53.8 million has been appropriated. For many years, funds that

were not expended were rolled to the next year. In FY01, \$53.8 million was again appropriated, while actual expenditures (for MWRA, South Essex Sewerage District and other communities) will be just under \$62 million. Just to get back to the same level of service for FY02, \$61 to \$64 million needs to be appropriated, which would require an additional \$10 to \$12 million in the House or Senate budgets. A \$10 million cut would impact a projected rate revenue requirement of 6.9% (\$402 million) to a rate increase of nearly 10% and a rate revenue requirement of almost \$412 million.

One continuous message from the Advisory Board and the CEOs is that 6.9% increases are not acceptable. Mr. Favalaro suggested that Advisory Board members take the message back to the communities that the Governor's version of the budget reduces debt service assistance.

Stanley Stanzin of Needham asked why there would be cuts in debt service assistance? Mr. Favalaro replied that the Governor is intent that the MWRA develop a Request for Proposals for privatizing MWRA Operations. The Governor could argue that if the MWRA privatized, there would be savings of 40% in direct costs and then the MWRA would not need debt service assistance.

When the House 1 budget is released, staff will move quickly to involve the caucus and the CEOs immediately. Staff has already begun to place calls to MWRA community CEOs to make them aware.

D. PRESENTATION: MWRA'S PROPOSED FY02-04 CAPITAL IMPROVEMENT PROGRAM - Ron Joseph, Director – Rates and Budget Department and Stacey Donnelly, Manager – Capital Planning and Budgeting

Stacey Donnelly stated that the proposed FY02-04 Capital Improvement budget is the first CIP budget put together and adopted with a consolidated Operations Division; and, it is also the first one put together under the capital spending cap that was adopted during the final budget process of FY01-03, in conjunction with a great deal of input from the Advisory Board.

Included in this CIP is the Walnut Hill Water Treatment Plant (WHTP); the MetroWest Tunnel; the completion of all MWRA covered storage facilities, the largest at Norumbega that will provide 115 million gallons of covered storage; the continued rehabilitation of interceptors and water distribution system; and the completion of the Boston Harbor Project and the continued funding for maintenance and upkeep of that facility.

The new services in the CIP are noteworthy in providing additional assistance in the communities, such as Phase IV of the I/I Grant/Loan Program that is included in the CIP and was included under the constraint of the CIP spending cap. Additionally, there is \$18 million for new interceptor projects, which are being done in conjunction with water projects.

There are some projects looming on the sewer side. The Authority has recently developed a master plan for interceptors. In the future, MWRA staff anticipates that there is going to be additional interceptor projects, as well as upkeep of pump stations and headworks. The other possible risks are primarily regulatory ones, such as additional CSO requirements, treatment requirements at WHTP, and any additional I/I mandates.

Mr. Stanzin asked if the addition of a “looming” project would put spending over the cap? Ms. Donnelly stated that the MWRA would have to find a way to fit it into the cap.

As part of the final FY01-03 process, the Board approved a ten-year spending cap of \$2.3 billion, with the first three years capped for specific amounts. When staff put all departments’ requests together in the CIP, it was discovered that the total was \$43 million over the cap. In order to comply with the CIP spending cap, nine projects were deferred between one and ten years. If any funds remain, projects will be put back into the CIP.

J. R. Greene stated that the Winsor Dam Hydroelectric would be an income generator. He asked why the Authority moved this project so far down on the list. Ms. Donnelly explained that the MWRA is pursuing the possibility of assuming a share of income with a private vendor that will do all the capital improvements and the Authority would still get some of the income. Ron Joseph stated that the Authority would welcome input on decisions that were made and which projects to defer.

Ed Bates, MAPC representative to the Advisory Board, asked how much time the communities had to respond to the list of project deferments. Ms. Donnelly stated that changes would be made during preparation of the final budget, but the Advisory Board can make comments. Ms. Potter stated that staff encourages input to be included with staff’s comments and recommendations.

Since the final FY01-03 CIP, the total budget increased \$86 million, which is an addition of many small and large increases, offset by a number of decreases. The largest increase was for projects already in construction, the three largest being the Braintree-Weymouth Relief Facility, the rehabilitation of the Wachusett Aqueduct and the WHTP. Additionally, \$64 million is for new work, such as the new I/I program, additional linear feet of water pipeline, and the other largest piece is for revised cost estimates as projects go from preliminary design to becoming further refined. The decreases are aligned with existing projects, including bids coming in under budget and lower inflation assumptions for the period between now and December 2001, which has been reduced from the FY01-03 CIP.

E. COMMITTEE REPORTS

Executive Committee - Joe Foti

➤ ACTION ITEM: EMERGENCY WATER SUPPLY AGREEMENT BETWEEN MWRA AND THE DEDHAM-WESTWOOD WATER DISTRICT

Mr. Foti reported that Nan Crossland, the Executive Director of the Dedham-Westwood Water District, has requested an extension of six months for the emergency water supply agreement between the MWRA and the Dedham-Westwood Water District due to a delay in completion of a new water tank.

A Motion was made **TO APPROVE AN EMERGENCY WATER SUPPLY AGREEMENT BETWEEN MWRA AND THE DEDHAM-WESTWOOD WATER DISTRICT FOR A PERIOD OF SIX MONTHS.** It was seconded and passed by unanimous vote.

➤ LEGISLATIVE UPDATE

Mr. Favaloro stated that the entire legislative strategy has been restructured due to potential impacts on debt service assistance. Staff will continue to keep Advisory Board members updated with new developments.

Operations Committee - Andy DeSantis

The next Operations Committee agenda (scheduled for February 13th in Newton) includes discussion on CSOs, one of the larger growing areas within the capital budget. Additionally, Mike Hornbrook, MWRA's Chief Operating Officer, will provide an update on the status of the ongoing competitiveness study and explore some of the results of the Qual-Serve initiative, which is a survey of MWRA employees regarding different aspects of the functions they perform.

➤ **ACTION ITEM: PHASE IV I/I GRANT/LOAN PROGRAM**

Mr. Favaloro stated that staff developed an Inflow and Infiltration (I/I) survey to determine if there should be an extension of the I/I program, and if so, what that program would entail. To date, 38 of the 43-wastewater communities have weighed in on their preferences regarding Phase IV of the I/I program.

Additionally, the MWRA made presentations and the topic was discussed at three separate Operations Committee meetings, providing a level of comfort on what the program should look like. The Motion for Phase IV of the I/I Program, as recommended by the Operations and Executive Committees, abides by the following guidelines:

- **MWRA will make \$40 million available to the 43 MWRA sewer municipalities.**
- **Phase IV funding will be allocated to municipalities proportionally based upon each community's respective share of overall MWRA wholesale charges (consistent with Phase III).**
- **Distributions will be made based upon a 45% grant, 55% interest-free loan allocation (consistent with Phase III).**
- **Loans will be paid back over a five-year period (consistent with Phase III.)**

Walter Woods proposed a Motion **TO AMEND THE 45% GRANT PORTION TO 90% GRANT.**

Bernie Cooper stated that [whether re-paying 55% or 10%] in reality, we are all paying for the whole thing through assessments. Mr. Woods agreed, stating "we are paying for it in our rates whether we use the grant program or not."

Mr. Cooper stated that the survey clearly showed that most communities didn't favor a change, with the Operations and Executive Committees in agreement.

Mr. Woods' Motion **TO AMEND THE 45% GRANT PORTION TO 90% GRANT** was seconded. The Motion did not carry.

A Motion was made **TO APPROVE A PHASE IV OF THE INFILTRATION/INFLOW FINANCIAL ASSISTANCE PROGRAM UNDER THE GUIDELINES LISTED ON PAGE 4.** It was seconded and passed by unanimous vote.

➤ **UPDATE: POTENTIAL SYSTEM EXPANSION REQUESTS**

Mr. Favaloro noted that there are three potential system expansion requests. The Stoughton Board of Selectmen recently voted three to two to bring the MWRA connection to town

meeting, as opposed to desalinization. Town meeting is scheduled for February 12th. If they vote in the affirmative, Stoughton will begin the process of clearing the regulatory, MWRA, legislative and Advisory Board hurdles. Reading and Wilmington are reviewing potential connections into the MWRA system.

➤ **KICK OFF OF THE MWRA CONSUMER CONFIDENCE REPORT**

Joshua Das of the MWRA stated that the Authority has completed the preliminary design and update for this year's Consumer Confidence Report (CCR), which will be sent to 850,000 residences. An insert from each of the communities will also be included. The due date for community drafts of the insert is March 2nd. Previous inserts are posted on the Authority's web page.

Ryan Ferrara encouraged communities to participate stating that the CCR provides an opportunity for local officials to publicize ongoing system improvement projects.

Finance Committee - Phil Farrington/Katherine Dunphy

➤ **STATUS: MWRA BUDGETS**

Ms. Potter stated that the Advisory Board is entering the third week of budget review. Staff has scheduled meetings with members of the Authority staff and is reviewing a whole series of detailed backup material as part of the annual review. Information mailings will be forwarded to designees throughout the review period.

The CSO program is an important component of the next several years and the ten-year CIP. As the CIP review proceeds, staff is closely watching the progress of capital and current expense budget spending as well. The Authority is now in the process of putting together the Current Expense Budget (CEB) for FY02.

F. **QUESTIONS AND COMMENTS**

G. **ADJOURNMENT**

A MOTION WAS MADE TO ADJOURN THE MEETING AT 8:41 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary