

**EXECUTIVE COMMITTEE MEETING  
MAY 11, 2001**

MINUTES APPROVED AT THE JUNE 15, 2001 MEETING

Present: Philip Farrington, ARLINGTON; John Sullivan, BOSTON; Ed Sullivan, CANTON; William Hadley, LEXINGTON; Stanley Stanzin, NEEDHAM; Jay Fink, NEWTON; Bernard Cooper, NORWOOD; Edward D. McIntire, READING; Joseph Foti, SOMERVILLE; Walter Woods, WELLESLEY.

Also in attendance: John Carroll and Norman Jacques, MWRA BOARD OF DIRECTORS; Sam Corda, CAMBRIDGE; Fred Laskey; Joseph Favaloro, Cornelia Potter, Ryan Ferrara and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**I. Approval of the April 20, 2001 Minutes of the Executive Committee**

The meeting, held at the Advisory Board office, was called to order by Chairman Joe Foti at 8:34 a.m. A Motion was made **TO APPROVE THE APRIL 20, 2001 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

**II. Preview Draft Advisory Board Special Report**

Joe Favaloro stated that the Advisory Board's Special Report is a perspective on the Advisory Board's accomplishments and proposals for the future. With the addition of Fred Laskey as Executive Director of the MWRA, it is the appropriate time for the issuance of the Special Report to talk about the direction the Advisory Board is headed in. The report highlights the Advisory Board's accomplishments from 1985 to the present.

**III. Discussion with Fred Laskey**

Chairman Foti welcomed Fred Laskey, who is slated to become the MWRA's new Executive Director, to the meeting and introduced him to the Executive Committee members and staff. Mr. Laskey expressed his appreciation for the support of the Advisory Board representatives to the MWRA Board of Directors, John Carroll and Norman Jacques. Their support was critical to putting together the votes to become the Executive Director. He stated that he hoped to be joining the Authority by early June.

Additionally, Mr. Laskey stated that he plans to be aggressive in introducing himself to various city and town officials, councils and selectmen. He stated that the challenge for all of us is to make sure that we can fulfill the mandate of the Authority at the least possible cost with the least increase burden on the ratepayers. He pledged to work closely with the Advisory Board to mitigate the rates as much as possible.

Walter Woods stated that in the newspaper Mr. Laskey mentioned that he was aiming toward affordable rates. He asked Mr. Laskey if he has formulated any ideas on how to achieve that. Mr.

Laskey responded that he is conservative by nature when it comes to fiscal issues. There has been the perception that the Authority is overstaffed. Noting that the Advisory Board has recommended a hiring freeze as a way to drive the head count down, Mr. Laskey stated that he would rather tighten in a consistent subtle way, grinding out the savings through restraint and discipline. Mr. Favaloro clarified that the Advisory Board recommended holding off external hires as a last resort until Black and Veatch have finalized the Competitiveness Study, not specifically a hiring freeze.

John Sullivan asked Mr. Laskey's opinion on privatization and how he would deal with it if the Governor's office were to push for it and the Board was against it. Mr. Laskey stated that he has been up front with the Administration and told them bluntly that if this vote for Executive Director was an attempt by them to get a litmus test on privatization, they would lose. He stated that his view on privatization is that you need to look at different options and find the most efficient way to get the job done, but his gut reaction as a manager is to have his own people running the show.

Mr. Favaloro asked, based on press clips in the past week, if there should be a concern that Governor Swift is going to try to veto debt service assistance. Mr. Laskey stated that he has worked very hard on that issue and he will do everything in his power to get her to sign it. With the strong reaction to a minor cut (\$12 million) in the Commonwealth's \$20 billion budget, Mr. Laskey stated that he felt good about where that will end up.

Mr. Favaloro invited Mr. Laskey to attend the June 21<sup>st</sup> Advisory Board meeting in Canton to give Advisory Board members the opportunity to meet him. Additionally, he was invited to attend Executive Committee meetings on a quarterly basis and, as with Mr. MacDonald, monthly meetings with Advisory Board staff. Mr. Laskey stated that it is important for him to get a well-rounded education on an ongoing basis, stating that his preference would be to meet more frequently in the beginning so that he can get up to speed. If you are only being briefed by staff, you are insulated and getting only one side of the story.

Bill Hadley asked Mr. Laskey what convinced the Board to hire him without looking into anybody else. Mr. Laskey stated that when he got word that the position was going to be vacant, he immediately went to the Governor's office seeking their support, which was received. As a courtesy, Mr. Laskey called his Mayor, Mike McGlynn, to tell him that he was going to be a candidate. Mayor McGlynn indicated that he would call Charlie Lyons to set up a meeting with John Carroll, which started a series of interviews – around twenty hours of interviews in all. Mr. Laskey stated, "It was something I wanted a lot and I worked hard at it. I was lucky enough to convince people that I could do the job."

#### **IV. Discussion: Emergency Water Supply Agreement with the Town of Stoughton**

Stoughton is requesting another six-month extension under MWRA Policy #09 for emergency water withdrawals. Stoughton is now paying two-thirds of their entrance fee as part of their per gallon charge and this is on track regardless of what happens with Town Meeting and what Stoughton decides to do with Bluestone versus MWRA. While the MWRA and Stoughton are discussing doing another emergency connection, Brockton has also entered into the fray and they are trying to get Stoughton to purchase water from the Avon Reservoir.

Mr. Favaloro wanted to give the Executive Committee an opportunity to put the emergency

connection on the full Advisory Board agenda for a vote next week. The recommendation would be a letter from the Advisory Board, similar to past letters, supporting the extension of emergency water to Stoughton, consistent with the rules set forth in Policy OP #09.

A motion was made **TO APPROVE THE ADDITION OF AN EMERGENCY WATER SUPPLY AGREEMENT WITH THE TOWN OF STOUGHTON TO THE ADVISORY BOARD'S MAY 17, 2001 MEETING AGENDA.** It was seconded and passed by unanimous vote.

V. **Update CIP/CEB Budgets – MWRA Board of Directors Hearings scheduled for May 15, 2001**

Cornelia Potter reported that Advisory Board and Authority staff had met on the capital budget and learned that the Authority is now proposing a budget for FY02 of \$458+ million. The budget for FY01 is \$345 million as compared to \$457 million budgeted, an enormous variance, allowing a carryover of over \$150 million into FY02 and beyond. Regarding the CEB, the Operations Division has accepted all of the Advisory Board's recommendations or substituted similar dollar recommendations where specifics were not agreed to. It is a good start, but more than half of the recommendations are not in the Operations Division and include indirect expenses and capital financing. The budget hearings begin at 10:30 a.m. on Tuesday at the Authority.

The Authority delivered during the meeting the package of material to be distributed to the Board of Directors for the budget hearing on the Current Expense and Capital Budgets. In a quick review of the CEB, Ms. Potter stated that it looks like the Authority has taken an additional \$1 million out of expenses, primarily by reducing capital financing by postponing the fall borrowing from October until March. That yielded a much larger capital financing reduction than the Advisory Board's. The Authority has reduced assumptions for investment income by \$6 million, leaving a net \$2 million reduction to rate revenue.

John Carroll said in the past, the Executive Committee has given the Board members some guidance on an acceptable rate increase. Mr. Favaloro stated that staff's recommendation that was approved by the Executive Committee and the Advisory Board was a 3.5% increase. Mr. Favaloro stated that the reality is if the Authority were to use a few more dollars of rate stab in the range of \$6 or \$7 million, they could use that and still not change any of their projections for the use of rate stabilization. John Sullivan stated that the Authority never adds in their projections that each year they roll a healthy surplus, which they can fall back on.

VI. **Status: Sewering Plan – Central Massachusetts/MDC Watershed Division Budget Review**

The recommendation that the Executive Committee provided last month related to legal action, if necessary, for the central Massachusetts Sewering Plan stirred controversy both at EOEA and MWRA. Subsequent to that discussion, the Authority met with the MDC and EOEA and the resolution was whatever the final financing plan turns out to be it won't include the MWRA.

Additionally, the scenario related to debt service that the Authority has accrued for payment for the watershed lands was received with mixed reaction to the extent that it is on the table for discussion. It is more a mid to long-term solution and will not happen immediately.

The MDC Watershed Division (Division) will receive a letter from the Senate Post Audit and

Oversight Bureau (Bureau). It is a preliminary request for the type of information that the Advisory Board has been trying to obtain for many years and the Division has adamantly refused to provide. They will not have that same latitude with the Bureau. They have until May 21<sup>st</sup> to turn over the information requested. The Bureau, if in fact the Division decides that it doesn't want to comply, has subpoena power.

**VII. Legislative Update**

Mr. Favalaro reported that the final language in the House budget included \$66+ million (MWRA portion is \$54 million) in debt service assistance. The Authority has raised some concerns that language attached to the additional debt service may lead to privatization. The language still has to get through the Senate budget, Conference Committee and as long as the Governor doesn't veto it, will allow for a full complement of debt service assistance.

**VIII. Timeline/Process for Reconvening System Expansion Committee**

Summer activity in the office will include the compilation of how the System Expansion Policy has been utilized since it has been in place and suggested areas that need to be improved. When that document is completed, it will be mailed to the full Advisory Board. Staff hopes to reconvene the System Expansion Committee just after Labor Day. System Expansion Committee members will be notified, as well as a solicitations for anyone else who would be interested in joining the Committee.

**IX. Approval of the Advisory Board Agenda for May 17, 2001**

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA, WITH THE ADDITION OF AN EMERGENCY WATER SUPPLY AGREEMENT WITH THE TOWN OF STOUGHTON, FOR THE MAY 17, 2001 MEETING.** It was seconded and passed by unanimous vote.

**X. Questions/Comments**

Ted McIntire stated that Reading is pursuing a permanent connection to the MWRA water system. In 1992 a Gulf Oil truck spilled about 10,000 gallons near one of Reading's well fields along Route 93. There was no contamination in the wells. Reading has had water restrictions since October of 1992. In 1998, clean up was completed and DEP gave the okay for Reading to activate the wells. The Board of Selectmen in Reading decided to continue the restrictions due to the stress on the Ipswich River and appointed a task force.

The task force did a yearlong study and recommended the pursuit of a permanent connection to the MWRA system; Reading currently has an emergency connection. The ENF has been submitted to start the MEPA process and an EIR scoping session is scheduled for May 24<sup>th</sup>. Reading will be making presentations to the Operations Committee on June 12<sup>th</sup> and the full Advisory Board on June 21<sup>st</sup>, seeking 600,000 gallons per day (average overall daily use is 2 mgd).

Chairman Foti asked if the connection Reading has now would be sufficient. Mr. McIntire replied that the 24-inch connection to the high pressure main in Woburn that Reading currently has is sufficient.

**XI. Adjournment**

A Motion was made **TO ADJOURN THE MEETING AT 9:47 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary