

**EXECUTIVE COMMITTEE MEETING
JUNE 15, 2001**

MINUTES APPROVED AT THE OCTOBER 12, 2001 MEETING

Present: Philip Farrington, ARLINGTON; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; William Hadley, LEXINGTON; Dana Snow, MARBLEHEAD; Peter Hersey, MELROSE; Jay Fink, NEWTON; Bernard Cooper, NORWOOD; Edward D. McIntire, READING; Joseph Foti, SOMERVILLE; Walter Woods, WELLESLEY.

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

I. Approval of the May 11, 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 MAY 11, 2001 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Update: FY02 CEB and FY02-04 CIP

Cornelia Potter stated that the Authority approved the capital budget for FY02 and for the ten-year period through FY11. The Authority has a three-year budget of just over \$1 billion and a ten-year budget of nearly \$2 billion. The cap was set at \$2.09 billion, with the first three years capped at \$457 million for FY02, \$329 million for FY03 and \$347 million for FY04. As compared to the proposed CIP, the final CIP calls for more spending in FY02, not so much in FY03, shifting out to more spending in FY04. Borrowing continues to be adjusted somewhat downward to reflect actual spending patterns. The budget for FY01 capital spending was over \$450 million; however, the Authority now projects spending at more than \$100 million less than that, at \$345 million. The budgeted number was far more ambitious than actual spending.

The Authority has set rates for the Current Expense Budget (CEB) and will be voting at the next Board of Directors meeting, allowing for some additional time for resolution of the Quincy mitigation topic. The Authority has included nearly \$700,000 for Quincy mitigation and made an agreement that whatever the resolution of the mitigation payments will be, it will come from rate stabilization to maintain the rates that have been set. The Authority agreed to limit the rate increase to no more than 3.5% as recommended by the Advisory Board.

Ms. Potter stated that she met with budget staff at Deer Island (DI) to work with them to modify or contain expenses. Energy is 25% of the DI budget so the Advisory Board is continuing to push the staff to do whatever they can to modify their process operations, to look for alternatives, and to put in conservation measures. MWRA staff admits that they haven't squeezed every bit of opportunity to reduce energy consumption even in their office building. Advisory Board staff has increased the number of meetings beyond the normal budget review for more frequent and detailed discussions.

The Deer Island staff has begun to think more imaginatively about what they can do to contain costs.

III. Status: State Budget

Joe Favaloro stated that the 2002 Senate budget passed on Wednesday and included a little under \$63.5 million for debt service assistance, which means between the House and Senate versions, either will satisfy the needs of the MWRA based on the formula for eligible debt. The Conference Committee will choose either the House or Senate number. On the Senate side, the Authority's bond cap was raised.

The Chairman of Ways & Means and the Senate President's office revamped how the line items are accounted for on the MDC budget. The Legislature had some concern that projects and money that were earmarked weren't getting completed. Unfortunately in their attempt to make the MDC more accountable, there may be a chance that they become less accountable. Right now the ratepayers pick up 100% of the (one line item) budget for the MDC Watershed Division. Under the Senate language that was proposed and passed, MWRA will now pay percentages of eight MDC line items. In terms of dollars, it is the same; but the problem is accountability. There is no way to verify that 36% of a particular line item went toward the Watershed Division. The Advisory Board immediately expressed concern with staff in Ways & Means and the President's office and amended each section with language that protects the Watershed Division interests and also stipulated that MDC quarterly reports show every MDC dollar and how it is goes through the system.

IV. Presentation to Norman Jacques

Mr. Foti extended thanks to Norman Jacques for his efforts on behalf of the ratepayers during the past nine years as a member of the MWRA Board of Directors and seven years as a member and Chairman of the MWRA Advisory Board. He stated that it would be hard to lose the knowledge and experience that Norm carries to the Board for us.

Mr. Foti presented a clock to Mr. Jacques with the inscription: "Norman P. Jacques – 1985-2001 for all of your efforts on behalf of ratepayers. The MWRA Advisory Board." Mr. Jacques expressed his appreciation, stating that it has been a tremendous experience.

V. Interview and Nomination of Candidate(s) for the MWRA Board of Directors

➤ Joseph C. Foti

Ed Sullivan, Secretary for the Advisory Board, stated that he was aware of only one candidate, Mr. Foti, for the Board of Directors position and asked if there were any others. There were no other candidates proposed. Mr. Sullivan asked Mr. Foti to make a statement and then the floor would be opened to membership for questions.

Mr. Foti stated that when he became Superintendent in Somerville in 1990, a condition of the job was membership in numerous organizations. In joining the MWRA Advisory Board, Mr. Foti stated, "The more I came, the more I realized how productive, ambitious and worthwhile it is to be a member. With that in mind, I joined the Executive Committee and became Treasurer and, for the past four years, Chairman. Whether it is a reduction in rates or holding onto debt service assistance, I don't consider it anything that I did; it is what we did as a whole and mostly in part with Joe and staff. The decision is in your hands whether you feel I am capable to do the job. It has

been an honor and a pleasure to serve as Chairman and it would be an even greater honor to serve on the Board of Directors, if you see fit. If you don't, then I will still be here every meeting because I believe in this organization.”

Jay Fink asked where Mr. Foti would see the trade off with MWRA consolidation versus community assistance. Mr. Foti stated that the Authority needs to realize that communities, as the ratepayers, are entitled to their assistance. Consolidation requires a thorough review.

Bill Hadley asked Mr. Foti what he thought the major issues confronting the Advisory Board in the next five to ten years will be. Mr. Foti stated that there is still a problem with where the MWRA foresees rates over the next five years, in comparison with where the Advisory Board feels they should be. Additionally, with the move to Chelsea, the Advisory Board does not know how communities will be affected as far as community services go.

Ed Sullivan asked if Mr. Foti had any feelings on privatization. Mr. Foti stated that privatization should be considered as an option based on cost, but that it wouldn't be wise to privatize everything because there are people who have worked on and known these systems for years who are system experts.

Walter Woods noted that one of the most important tasks faced by a Board member is to convince other Board members to see it your way. Mr. Foti agreed, stating that he would not expect to persuade members to vote the Advisory Board way on July 1, but that he hoped to acquire that ability over time, given the opportunity.

Mr. Fink made a **MOTION TO SUBMIT THE NAME OF JOSEPH C. FOTI AS THE NOMINEE FOR A THREE-YEAR TERM ON THE MWRA BOARD OF DIRECTORS.** Mr. Sullivan asked if there were any other nominations. A **MOTION WAS MADE TO CLOSE NOMINATIONS.** It was seconded and passed by unanimous vote. The Motion to nominate Joseph C. Foti for a three-year term was seconded and passed by unanimous vote.

VI. Approval of the Advisory Board Agenda for June 21, 2001

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA, WITH THE ADDITION OF A PRESENTATION BY EDWARD D. MCINTIRE FOR THE TOWN OF READING, FOR THE JUNE 21, 2001 MEETING.** It was seconded and passed by unanimous vote.

VII. Questions/Comments

Mr. Favaloro reported that staff plans to pursue in the coming months, on Operations Committee and Advisory Board agendas, the state of the wastewater metering system. There are currently 59 meters out of service for either software or hardware reasons.

Bill Hadley asked if the Authority were to fix the 59 meters and find an increase in flows, will they “whack” the communities for MWRA inefficiencies. Mr. Favaloro noted that is the reason that the Advisory Board cannot allow this problem to continue much longer. A series of discussions and presentations are needed to see what the scope and depth of the problem is and what can be done to remedy it.

Mr. Fink suggested that in addition to going after what the current status of these meters is, it is

probably time that MWRA reevaluate the location of the meters and the areas of communities that are being estimated. The technology has advanced enough in ten years that it may be time to start over.

Mr. Cooper asked if there had been a dramatic jump in the number of non-functioning meters. Mr. Favaloro stated that MWRA, through the yellow notebooks and monthly reporting, had indicated that metering reliability was decreasing.

Mr. Favaloro reported that in further discussions with Mike Hornbrook, he indicated that there are concerns, but the problem is not devastating and can be worked out over the next series of months. Mr. Fink suggested that the Advisory Board request a monthly update and if not resolved to the Advisory Board's satisfaction by the end of September, request a presentation.

Andy Pappastergion stated that the Board had not been informed on this matter and that he would formally request a report on the issue at the next Board meeting.

VIII. 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