EXECUTIVE COMMITTEE MEETING
SEPTEMBER 14, 2001

MINUTES APPROVED OCTOBER 12, 2001

Present: Philip Farrington, ARLINGTON; Guy Carbone, BELMONT; John Sullivan, BOSTON; Ed Sullivan, CANTON; Al Renzi, FRAMINGHAM; Dana Snow, MARBLEHEAD; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Stanley Stanzin, NEEDHAM; Jay Fink, NEWTON; Edward D. McIntire, READING; David Savoy, WALTHAM.

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

I. Action Item: Nomination of FY02 Executive Committee

In the absence of Chairman Foti, Katherine Haynes Dunphy acted as Chair. The following slate was presented to the Executive Committee for its consideration:

Chairwoman:	Katherine Haynes Dunphy, Milton
Vice Chair of Finance:	Phil Farrington, Arlington
Vice Chair of Operations:	Andrew DeSantis, Chelsea
Secretary:	Edward Sullivan, Canton
Treasurer:	Guy Carbone, Belmont
At-Large:	Bernard Cooper, Norwood
	Jay Fink, Newton
	William P. Hadley, Lexington
	Peter Hersey, Melrose
	Timothy MacDonald, Cambridge
	Edward D. McIntire, Jr., Reading
	*Albert Renzi, Jr., Framingham
	*David Savoy, Waltham
	Dana Snow, Marblehead
	Stanley Stanzin, Needham
	John Sullivan, Jr., Boston
	Walter Woods, Wellesley

*New members for FY02.

A Motion was made **TO SUBMIT THE LIST OF NOMINEES TO SERVE AS THE MWRA ADVISORY BOARD EXECUTIVE COMMITTEE FOR FY02 TO THE FULL ADVISORY BOARD.** It was seconded and passed by unanimous vote.

II. Preview/Discussion: FY02 Goals, Objectives and Potential Issues

Joe Favaloro outlined goals and objectives to help the Advisory Board focus on key issues for FY02. The objectives include keeping communities and legislators informed and involved on MWRA issues to ensure their support when needed.

During FY02 there will be ongoing discussions with MWRA staff emphasizing and reinforcing the principles of the spending cap. Stressing the Advisory Board's message on the cap will make it almost impossible for the Authority to break away from the commitment that it made to the Board of Directors and the ratepayers.

Mr. Favaloro stated that at the last Board meeting, MWRA staff noted that Breyers requested, through the Associated Industries of Massachusetts, approximately three years to be in compliance with the Biochemical Oxygen Demand (BOD) limit. Additionally, Breyers suggested that the sewer rate methodology related to BOD be temporarily suspended allowing them to use those funds to come into compliance with the BOD requirements. Mr. Favaloro noted to the Board that the MWRA does not assess Breyers a charge for BOD, but rather passes the cost onto the Town of Framingham. Further, Mr. Favaloro noted that any change that would impact Breyers would have to impact everyone else because it would be a total change in the methodology. Al Renzi noted that Framingham assessed Breyers approximately $425,000. Mr. Favaloro stated that there would likely be legal action that the Advisory Board may be drawn into because it will not change the methodology.

Between now and 2008 the Authority projects 6.3% annual rate increases. Advisory Board staff will continue to stress that the Authority scrutinize how it manages and spends money on the capital side in an effort to manage rates.

In accordance with the System Expansion Policy, which provided language for a five-year review, the System Expansion Committee will reconvene beginning September 25 [since changed to October 9] to review the System Expansion Policy. Debate needs to occur on the water side for short, mid and long-term needs and whether there is water available, and if so, how fast to distribute it. On the wastewater side, there is a five-year moratorium on communities joining the MWRA. Should the moratorium remain at that level and what would the process be for a community to join the system? Additionally, as part of a wastewater connection fee, MWRA requires communities to remove a certain amount of I/I; however, there isn't a process to ensure that the savings have materialized. That process needs to be strengthened.

The Commonwealth is looking at projections of a major budget deficit at the end of this fiscal year, which may carry into upcoming fiscal years. The Advisory Board will probably continue to battle to maintain state debt service assistance.

Mr. Favaloro reported that a letter had been sent to the Secretary of the Executive Office of Environmental Affairs, Robert Durand, outlining the ongoing problems with the MDC Watershed Division (Division) and staff's attempt to have some discussion regarding the Division. The letter was sent jointly by the Water Supply Citizens Advisory Committee and the Advisory Board. There was some discussion at the Board level over paying the Division's bill for the final quarter. Advisory Board staff believed that the Authority was going to utilize the months of June, July and August to answer questions. The Division overspent its budget this year by $300,000, which the

Advisory Board feels is worthy of a presentation on why and how. The Authority did not ask these questions.

Mr. Favaloro reported that the lack of participation in the Local Pipeline Assistance Program has raised a red flag. To date $17 million has been distributed to communities. During the last disbursement, which was peak construction season, a total of $2.4 million was disbursed amongst communities. Communities are not participating in the program for many reasons. This year staff will focus on ways to make the program work for communities.

Dana Snow expressed that the downfall of the pipeline program is a lack of infusion of state funds that were promised. At the time, people were led rather rapidly toward a limited treatment facility. Marblehead has gone to town meeting twice with an article that would allow its passage and it has been resoundingly defeated.

Mr. Favaloro stated that as it stands now, communities like Brookline, with $60,000 per year, could bank it for three or four years and then do a $240,000 project. Perhaps allowing communities to draw the allotment on the front end to be able to work on a project now might be a suggestion. Mr. Pappastergion stated that the problem is not whether Brookline receives $60,000 or $240,000. The problem is the requirements of the program and justifying the need for that money. Mr. Favaloro stated that the challenge for this year will be coming up with ideas to make the program more flexible or easier to work with.

As the Authority moves from a construction to an operations and maintenance entity and reestablishes priorities, the MWRA hired Black and Veatch to do a Competitiveness Study, which is now referred to as the Improvement Program. The original project was to establish a five-year plan and a six to ten-year plan. The validity of a ten-year plan could be questioned; therefore, the process will only cover the five-year plan. Comparing the Authority to other entities also proved to be difficult because the MWRA is a very unique organization. Mr. Favaloro stressed that "the number" derived from this report must be justifiable because in essence it is a "hiring cap" that the Authority must remain within.

John Sullivan inquired whether the study considers the programs that the Authority is running, then determine how many people are needed to support it. Mr. Favaloro responded that the original approach was to try to compare the Authority and other entities. Then, add to the Authority's programs explanatory factors, such as a community assistance program that adds "X" amount. The process has been altered to a formula based on capital spending, rather than an actual comparison of MWRA versus similar entities.

Jay Fink stated that the "number" ought to be segregated and broken down into the programs that those numbers support. Then there should be discussions whether that program is worthwhile or if MWRA wants to bring another program online, how will that tie into it? Mr. Favaloro stated that the report will be itemized by operating area spaced out over a five year period.

Mr. Fink stated that the Advisory Board's FY02 challenges should include that the FY03 sewer assessments incorporate the 2000 census numbers. The formula doesn't need to be adjusted, but the census numbers that it incorporates should be updated to reflect the latest information.

III. Advisory Board Lease for FY02

Mr. Favaloro stated that the Advisory Board's lease expires in November. In discussions with Mr. Miller on lease costs and length, Mr. Favaloro locked in $38.75 per square foot. However, a year from now $38.75 may be on the high side, therefore Mr. Favaloro suggested a one-year lease, rather than three, to see where rates are a year from now and continue negotiations for a longer-term lease. The rent charge increased 40% from FY01 to FY02.

A Motion was made **TO AUTHORIZE THE MWRA ADVISORY BOARD TO SIGN A ONE-YEAR LEASE WITH NATHAN MILLER PROPERTIES, INC. FOR OFFICE SPACE AT 11 BEACON STREET, SUITE 1010.** It was seconded and passed by unanimous vote.

IV. Approval of the Advisory Board Agenda for September 20, 2001

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE SEPTEMBER 20, 2001 MEETING.** It was seconded and passed by unanimous vote.

V. Questions/Comments

VI. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 10:00 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary