

**EXECUTIVE COMMITTEE MEETING
OCTOBER 12, 2001**

MINUTES APPROVED AT THE JANUARY 11, 2002 MEETING

Present: Philip Farrington, ARLINGTON; John Sullivan, BOSTON; Ed Sullivan, CANTON; William Hadley, LEXINGTON; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Stanley Stanzin, NEEDHAM; Jay Fink, NEWTON; Bernie Cooper, NORWOOD; David Savoy, WALTHAM; Walter Woods, WELLESLEY.

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

I. Approval of the June 15, 2001 and September 14, 2001 Minutes of the Executive Committee

The meeting, held at the Advisory Board office, was called to order by Chairman Katherine Haynes Dunphy at 8:34 a.m. A Motion was made **TO APPROVE THE JUNE 15, 2001 AND SEPTEMBER 14, 2001 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Updates:

❖ **State Budget**

Joe Favaloro, Executive Director of the MWRA Advisory Board, stated that there is a possibility that there will be a \$300 to \$400 million reduction from the FY02 state budget. The Legislature wants to avoid impacting education and local aid; therefore, debt service assistance may be a source for cuts. Even if the \$53 million for FY02 remains in the budget, there is uncertainty that the \$55 million for FY03 and the \$58 million for FY04 will be available. By statute, the state must have the budget done by mid November.

Stanley Stanzin inquired on how many millions equal 1% in the expense budget. Mr. Favaloro replied that \$3.9 million is the equivalent of one percentage point.

John Sullivan stated in terms of what costs are for a family of four based on 90,000 gallons per year, we are creating our own problem. Does anyone know what the average residential bill really is? If the number were brought down to 70,000 gallons, it might reflect the actual costs.

Peter Hersey noted that there is an appendix in the back of the rate manual based on water use. Ms. Dunphy stated that 90,000 gallons has been the industry standard. Mr. Favaloro noted that the AWWA point of comparison for 13 plus years has been 90,000 gallons, which allows the Survey to track from year to year.

Phil Farrington stated when he was Town Manager of Stoughton this was an issue because it showed Stoughton having the highest water and sewer rates in the system. Mr. Farrington found that only 100 customers used 90,000 gallons and began to promote an “average bill” in Stoughton. Mr. Farrington stated that the real average median number is easy to calculate.

Mr. Favaloro stated that staff has tried to balance the need for consistency to actual growth versus related water use. With time, more information from the Appendix will work its way to the front of the document.

John Sullivan suggested reporting two numbers and emphasizing that the weighted average is lower than the national standard. Mr. Favaloro stated that this could be done in the next document, but not the current one. Ms. Dunphy emphasized the benefits of conservation.

❖ **Security**

The MWRA has initiated an Authority-wide Security Program with Bill Brutsch at the helm. Mr. Brutsch will be in attendance at the October Advisory Board meeting to update members on the steps taken at the MWRA in the wake of the September terrorist attacks. With the intensified security comes a price tag, which will probably add significant costs to both the CIP and CEB.

Jay Fink asked who would be paying for the State Police and National Guard. Ed Sullivan replied that the Commonwealth is paying for the National Guard; and Mr. Favaloro stated that the state is currently paying for the State Police, but may want to be reimbursed. When the state stops paying, MWRA will pay.

Jay Fink stated that with the ongoing battle with the MDC Watershed Division, perhaps this provides an opportunity to seek a breakdown for additional costs with an itemized bill. Mr. Favaloro agreed to bring the idea forward.

❖ **System Expansion**

Mr. Favaloro stated that the System Expansion Committee met this past Tuesday, chaired by Katherine Dunphy. Over the next couple of months, meetings will be held every other week with presentations for both water and wastewater.

Topics will cover: a safe yield for water; protecting the interests of present customers and their growth needs; whether there is water available for entities outside of the system; and the issue of whether a moratorium on new communities joining the MWRA wastewater system should continue.

Mr. Woods stated that as long as individual homes are allowed to join the system, towns will not have to join. Mr. Favaloro noted that the System Expansion Policy contains language regarding significant portions of a community joining the system.

Further, Mr. Favaloro noted that Cambridge is currently using MWRA water due to a series of events that occurred within the past two weeks. A fire at a power plant in Everett caused a power surge, which subsequently led to electrical problems within the new Cambridge Water Treatment Plant. The treatment plant was flooded and will be down for at least the next month.

III. Developing an Advisory Board Message on CIP and CEB Budgets

Advisory Board staff suggested a more proactive than reactive approach to the Authority's budget process for the FY03 cycle. The Authority appears to be comfortable with 5% to 7% increases. Staff suggested sending a message prior to the Advisory Board review that there is a possibility of losing debt service assistance. Should staff be noting different tools that could be used to try to impact the preliminary CIP and CEB, restructuring how the Advisory Board works with the Authority?

Mr. Pappastergion asked how staff would impact preliminary discussions and what would happen to the 60-day review process. Mr. Favaloro replied that through behind-the-scenes transactions with MWRA staff, Advisory Board staff could offer opinions and suggestions, with the 60-day review process still taking place. Staff would like to send a clear message that 6.3% increases are unacceptable by setting a level for the year and convincing MWRA to follow it.

John Sullivan noted that communities use the MWRA's preliminary numbers to request their own budgets.

John Carroll stated that there is a certain amount of protocol, confidentiality and trust between the MWRA Executive Director and his staff, and stated that he would not agree to it if he were the Executive Director. Mr. Favaloro offered that it could be as simple as stating that the Advisory Board's message is that a 3% increase is expected for FY03; but staff can't send a message without areas that the Authority can look at.

Mr. Pappastergion stated that the Advisory Board has been successful because of the ability to go through a review and support the data. The power base would be eroded in the end.

John Sullivan stated that he had a problem with setting a 3% number. This may stifle some good projects. The Authority needs the review process to be able to defend the projects.

Stanley Stanzin stated that if the Advisory Board develops certain targets with the Authority, then the Advisory Board is no longer a watchdog and is not separate from the MWRA.

Ed Sullivan stated that this system has worked pretty well; if it ain't broke, don't fix it. He suggested stating to the Authority that times have changed and the Advisory Board should be preparing the Authority for worst case scenarios.

Mr. Favaloro noted that Authority staff has begun to send the message to the divisions and line managers, defining division goals.

David Savoy stated, "[a]s a manager, I would eliminate items on my own; there would be no way another staff would come into my office and make suggestions. They could give me the bottom line, but that is it."

Katherine Dunphy stated that the Advisory Board could send a message that we know the MWRA is coming with 6% numbers plus security costs and that this is not acceptable. Additionally, if staff has suggestions, they could use regular meetings as opportunities to offer that advice. The Authority is not going to accept a final number.

IV. Annual Evaluation of the Executive Director

A Motion was made to go into Executive Session at 9:53 a.m. for the purpose of a discussion to evaluate the Executive Director. A roll call vote was taken:

Yes

No

Abstain

Cooper
Dunphy
Farrington
Fink
Hadley
Hersey
Savoy
Stanzin
Sullivan, Ed
Sullivan, John
Woods

The Executive Committee returned to open session at 10:13 a.m.

V. Approval of the Advisory Board Agenda for October 18, 2001

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE OCTOBER 18, 2001 MEETING.** It was seconded and passed by unanimous vote.

VI. Questions/Comments

Mr. Favaloro noted that there will be an I/I workshop held in Norwood, sponsored by DEP, EPA and MWRA. Staff asked the Authority who was paying the cost of the workshop. DEP doesn't provide lunch anymore because it is too expensive. There will be 45 MWRA communities and 38 other communities in attendance at \$60 per person: \$52 paid by the MWRA, \$8 paid by DEP. Since it is a joint conference, staff would like to pursue why the MWRA is picking up the predominant costs. Mr. Stanzin stated that it is important to pursue this aggressively.

VII. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 10:15 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary