

**EXECUTIVE COMMITTEE MEETING
SEPTEMBER 13, 2002**

MINUTES APPROVED AT THE OCTOBER 11, 2002 MEETING

Present: Guy Carbone, BELMONT; John Sullivan, BOSTON; Ed Sullivan, CANTON; William Hadley, LEXINGTON; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Jay Fink, QUINCY; Al Renzi, WESTWOOD.

Also in attendance: Joe Foti, MWRA BOARD OF DIRECTORS; Joseph Favaloro, Cornelia Potter, Ryan Ferrara and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

I. Approval of the June 14, 2002 Minutes of the Executive Committee

The meeting, held at the Advisory Board office, was called to order by Chairman Katherine Haynes Dunphy at 8:41 a.m. A Motion was made **TO APPROVE THE JUNE 14, 2002 MINUTES OF THE EXECUTIVE COMMITTEE.** It was seconded and passed by unanimous vote.

II. Action Item: Nomination of FY03 Executive Committee

Chairman Dunphy recognized the valuable contributions made by three long-term members of the Advisory Board and Executive Committee who will not be returning for FY03: Peter Hersey, Stanley Stanzin and David Savoy. Mr. Hersey was in attendance and received a Certificate of Appreciation.

The following slate was presented to the Executive Committee for its consideration:

<u>Chair:</u>	Katherine Haynes Dunphy, Milton
<u>Vice Chair of Finance:</u>	Phil Farrington, Arlington
<u>Vice Chair of Operations:</u>	Jay Fink, Quincy
<u>Secretary:</u>	Edward Sullivan, Canton
<u>Treasurer:</u>	Guy Carbone, Belmont
<u>At-Large:</u>	Bernard Cooper, Norwood
	Andrew DeSantis, Chelsea
	William P. Hadley, Lexington
	Timothy MacDonald, Cambridge
	Edward D. McIntire, Jr., Reading
	Albert Renzi, Jr., Framingham
	Dana Snow, Marblehead
	John Sullivan, Jr., Boston
	*Lou Taverna, Newton
	Walter Woods, Wellesley
	(2) Vacant

*New member for FY03.

A Motion was made **TO SUBMIT THE LIST OF NOMINEES TO SERVE AS THE MWRA ADVISORY BOARD EXECUTIVE COMMITTEE FOR FY03 TO THE FULL ADVISORY BOARD.** It was seconded and passed by unanimous vote.

III. Action Item: Advisory Board Recommendations to the System Expansion Policy

Mr. Favaloro noted that presentations on the System Expansion Committee's recommendations for the System Expansion Policy were made at the June Executive Committee and Advisory Board meetings. The Advisory Board did not receive any comments or requests for changes over the summer.

A Motion was made **TO APPROVE THE 2002 SYSTEM EXPANSION COMMITTEE RECOMMENDATIONS TO THE MWRA.** It was seconded and passed by unanimous vote.

IV. Action Item: Six-Month Emergency Water Connection for the Dedham-Westwood Water District

Mr. Favaloro stated that a six-month Emergency Water Supply Agreement for the Dedham-Westwood Water District (District) will be on the Board of Directors' Agenda for Wednesday, conditioned upon Advisory Board approval at Thursday's meeting. This is the District's third six-month Agreement request over the past year and one-half. The other two requests were made when tanks needed to be painted.

Bill Hadley asked what the District would be paying for the water. Mr. Favaloro responded that the existing System Expansion Policy would apply to this Agreement. Under the existing policy, prevailing rate is paid on water that is drawn. During the first two Agreements, water was not drawn. This will be the first time that water is actually taken and the prevailing rate will apply.

A Motion was made **TO APPROVE A SIX-MONTH EMERGENCY WATER CONNECTION FOR THE DEDHAM-WESTWOOD WATER DISTRICT.** It was seconded and passed by unanimous vote.

V. Action Item: Advisory Board Office Lease

Mr. Favaloro reported that staff has investigated alternative office leasing options. Reasons cited for the potential change included construction impacts (Suffolk University is building a new dormitory next to 11 Beacon Street) and lease costs. Prices ranged between \$25 to \$27 per square foot over a five-year period.

After intense discussions with Mr. Miller of Nathan Miller Properties, Mr. Favaloro was able to negotiate a rate starting at \$24.75 per square foot, increasing \$1.00 per square foot over a three-year lease beginning in October 2002 (two months earlier than the expiration of the current lease). The current rate is \$38.75 per square foot.

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

VI. FY03 Issues Discussions:

• Impacts of the \$14.3 Million Reduction of Debt Service Assistance

The Authority will be presenting to the Board of Directors next Wednesday its plan on how it will make up the \$14.3 million reduction to debt service assistance. In the Advisory Board staff's opinion, the MWRA's proposed \$14.3 million budget revisions come with no pain or suffering. This clearly sends the wrong message to the Legislature and the Governor and may seal the fate of FY04 and beyond. MWRA may be hard pressed to keep its \$32 million over the next few years. MWRA needs to emphasize the impact of the cut in debt service assistance. Options include: hiring freezes, lay offs, placing a genuine cap on spending on the CEB and CIP, and looking at programs like harbor monitoring. The Governor and the Legislature must see some pain and suffering.

John Sullivan stated that if the Authority can easily find \$14 million, isn't that our obligation? Mr. Favaloro stated that not one employee at MWRA is at risk. No one in the unions has anything to worry about. There is not one thing that is being impacted. John Sullivan stated that if there is that much surplus and we ignore that to take care of political situations then it makes him uneasy. Mr. Favaloro stated that MWRA had more early retirements than expected and plans to use its \$4.5 million FY02 surplus. Reductions had already been made for the 20% reduction in debt service assistance. Additionally, MWRA reduced one line item by \$17,800 in eliminating a contribution to Envirolab. MWRA has implemented a semi-hiring freeze and is not going to go back up to the 20% backfill level that it was allowed.

John Sullivan remarked that the early retirements were a one-time shot. The Authority was able to take care of the shortfall this year, but could not next year.

Joe Foti stated that his biggest concern was that on Monday the Authority knew that \$14.3 million was gone and by Wednesday had found it. "If I am a state representative and MWRA found \$14 million in two days, next year I am not going to worry about it," added Mr. Foti.

Mr. Favaloro noted in tough times it is always easiest to find the first year. These are one-time savings. MWRA is now starting FY04 potentially \$14.3 million in the hole. The Advisory Board has not started its review process and is seeking direction from the Executive Committee; it may want to paint a more dire picture. The Authority is totally ignoring the CIP cap. If MWRA is getting less debt service assistance, the only way to mitigate it is by spending less on the capital side and that is not happening.

Ed Sullivan suggested that it is almost better to say we found \$7 to \$9 million, no way can we find the rest, and increase rates .5% - a modest increase to say that there is an impact. Mr. Favaloro stated that even if you raise the argument and 45 communities show up at a public meeting, at least it would send the message to the Legislature that that can't happen.

Chairman Dunphy stated that it should be emphasized that MWRA wouldn't have found the money if the Advisory Board hadn't sent them in the right direction. If not for early retirement, these cuts could not be absorbed. The Advisory Board could ask the Authority if it uses all of its "found" money, what is its plan for next year? John Sullivan noted that the Advisory Board's job now is to get the \$32 million contribution to debt service assistance up.

- **Future of Debt Service Assistance**

Mr. Favaloro stated that in looking at FY04 and beyond, the future doesn't look bright. In the past, the assumption has always been that the number would increase. Even level funding debt service assistance now looks bleak. How can we build the number up or how can we reduce expenses to get the benefit of debt service assistance?

On the capital side, we are still waiting for the Board to determine the second and third people for the CIP Review Committee in order to reconvene. Projected numbers continue to climb higher and capital costs are going up. The Authority is meeting the cap by taking the out years and pushing funds into the current years, which is going to keep the debt line item going higher. A more detailed look at the cap is needed and it has to be put effectively into place. The Governor is looking at \$200 million in additional cuts for this fiscal year. The real discussion should be how to strategize to keep enough pressure that the Governor and the Legislature refrain from making further reductions to debt service assistance.

- **Impact of System-Wide Change Out of Wastewater Flow Meters on Communities**

A presentation will be made at the September Advisory Board meeting on the Authority's plan to change all the wastewater flow meters. A critical element will be communities deciding up front on the protocols and approaches to be taken because the process will be done over a series of months. How does it play having one community's meters changed and another community's not done yet?

The Advisory Board plans to kick off the Wastewater Flow Committee at Operations Committee meetings in late September or early October.

John Sullivan stated that if we all believe that we are getting true readings, there should be no impact. Somebody has to go first. The real key is we need to shorten the installation time. When the Authority puts the bid out, rather than one crew putting in meters, it should require 20 crews. Jay Fink wondered if the metering technology could be installed side to side with the old one. Mr. Favaloro stated that it would be important for the communities to sit down with the Authority and figure out what arrangement is most appropriate.

- **Escalation of CSO Debate**

The ongoing discussions surrounding CSOs will hit a critical mass as we move into this fiscal year and beyond. The reality is that there are regulators and environmental groups that don't care what the cost is or what the benefit is. MWRA should just do the CSO projects. No matter what level of solution the Authority brings forward, the levels of expenditures are going up. Where does cost equal the benefit? Finding ways to keep elevating the level of debate may provide a sensible solution. The Advisory Board has been one of the prime movers in keeping CSOs high on everyone's agenda. One positive piece is that Fred Laskey has finally pushed the Authority toward where the Advisory Board wants them to be – "Let's not just spend the money because someone else said we were going to spend it. Let's make sure that we find the point where we have a true benefit and what the cost is with it."

Chairman Dunphy asked John Sullivan if there are answers as to why Boston is having problems on dry days. Mr. Sullivan stated that although BWSC had looked at the pipes at least 20 times, one employee pulled a pipe randomly and found that two houses were discharging directly to the beach since about 1930. Another pipe near Bayside was found

with three more houses. BWSC believes that a monitoring system is required and if these drains have any movement of water, they should be checked. The good news is that there is something out there causing the problem.

Mr. Favaloro stated that the MDC Division of Watershed Management (DWM) will be a primary issue this year. DWM recently lost over \$1 million from its budget. Staff hopes to get the Board to support moving DWM to MWRA.

Staff this week sat in on a harbor monitoring discussion. In the last budget, over \$15 million was proposed over five years. Last year the Advisory Board got MWRA to come back annually with each piece. This year's budget is \$350,000 to \$400,000 more than last year's plan. What is the minimum MWRA can do to meet the permit? Go back to Battelle and tell them they can do it for less. Why does MWRA just keep adding money to the monitoring program? MWRA is just 10% of the flow out there and picks up 100% of the monitoring cost. In light of reduced revenue from the Commonwealth, these arguments deserve to be amplified.

VII. Approval of the Advisory Board Agenda for September 19, 2002

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE SEPTEMBER 19, 2002 MEETING**. It was seconded and passed by unanimous vote.

VIII. Questions/Comments

IX. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:54 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary