

**EXECUTIVE COMMITTEE MEETING
MARCH 14, 2003**

MINUTES APPROVED AT THE APRIL 18, 2003 MEETING

Present: John Sullivan, BOSTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Jay Fink, QUINCY; Ted McIntire, READING.

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

I. Approval of the February 21, 2003 Minutes of the Executive Committee

In the absence of Chairman Katherine Haynes Dunphy, the meeting, held at the Advisory Board office, was called to order by Acting Chairman Jay Fink at 8:49 a.m. A Motion was made **TO APPROVE THE FEBRUARY 21, 2003 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Action Item: Request by Dedham-Westwood Water District for a Six-Month Emergency Connection

Joe Favaloro stated that the Dedham-Westwood Water District (District) has requested a six-month emergency connection to the Waterworks system to ensure that it is able to meet water demands during a tank painting project. The District does not expect to use the water, but wants to ensure that sufficient flow is available for fire fighting capacity.

The connection would be covered under the new System Expansion Policy, which would require the District to pay a surcharge if the water were utilized.

Mr. Fink stated that the Operations Committee had questions such as how much of the District's daily flow does the tank represent and whether it was currently under contract to have the tank painted so as to time the project while the system is not at peak demand. Representatives from the District will be at the March 20th Advisory Board meeting to respond to these questions.

A Motion was made **TO ALLOW THE DEDHAM-WESTWOOD WATER DISTRICT TO ACTIVATE ITS CONNECTION TO THE MWRA WATERWORKS SYSTEM FOR A SIX-MONTH PERIOD BEGINNING MAY 1, 2003, EXTENDING THROUGH OCTOBER 31, 2003. THE DISTRICT WILL ABIDE BY THE RULES STIPULATED UNDER THE RECENTLY REVISED MWRA EMERGENCY WATER SUPPLY WITHDRAWALS (POLICY #OP.05), INCLUDING PAYMENT OF A 10% SURCHARGE OF THE MWRA'S PREVAILING RATE. IF THE PROPONENT WERE TO SEEK WATER FOR A SECOND WATER WITHDRAWAL PERIOD, MWRA SHALL ALSO ASSESS AN ASSET VALUE CONTRIBUTION CHARGE. RULES GOVERNING PREMIUM CHARGES AND ASSET VALUE CONTRIBUTION ARE**

INVOKED WHEN WATER IS TRANSFERRED FROM THE MWRA TO THE APPLICANT COMMUNITY. THE TRANSFER OF WATER FROM THE MWRA TO THE APPLICANT COMMUNITY SERVES AS A TRIGGER TO INITIATE THE CORRESPONDING PREMIUM CHARGE AND ASSET VALUE CONTRIBUTION. PERIODS WHEN THERE IS NO WATER WITHDRAWAL SHALL HAVE NO EFFECT ON THE SCHEDULE OF CHARGES. It was seconded and passed by unanimous vote.

III. Action Item: Request by Avalon Bay Communities, Inc. to Connect to the MWRA's Waterworks System Through Peabody Under MWRA Policy No. OP.09

Mr. Favaloro stated that the initial Avalon Bay application requested 20,000 gallons per day (GPD) from the Waterworks system, but upon further review, was reduced to 12,000 GPD. MWRA water will not be utilized for irrigation. The applicant will provide annual reports regarding water usage and pay an entrance fee estimated at \$62,700.

Mr. Fink questioned whether the entrance fee would be reassessed if the applicant were to use more than 12,000 GPD. Mr. Favaloro stated that Avalon Bay cannot go beyond 12,000 GPD; it would have to come back to the Authority and Advisory Board to seek approval to go above this allocation. If approved, it would raise the entrance fee.

Lou Taverna asked if the Danvers connection would have a separate meter. Staff replied that the Danvers portion would have its own meter.

A Motion was made TO APPROVE A NEW WATER CONNECTION TO SERVE THE PROPOSED AVALON BAY RESIDENTIAL COMMUNITY, PARTIALLY LOCATED WITHIN THE TOWN OF DANVERS. THIS MOTION IS SUBJECT TO THE GUIDELINES SET FORTH IN MWRA POLICY #OP-09, "WATER CONNECTIONS SERVING PROPERTY PARTIALLY LOCATED IN A NON-MWRA COMMUNITY". THIS INCLUDES PROVISIONS TO 1) EXCLUDE ADDITIONAL CONNECTIONS OR THE RESALE OF WATER; 2) PARTICIPATION IN ALL WATER CONSERVATION AND DEMAND MANAGEMENT PROGRAMS IMPLEMENTED BY THE MWRA USER COMMUNITY AND THOSE REQUIRED BY MWRA REGULATIONS; 3) AN ENTRANCE FEE TO ENSURE THAT THE SPONSORING PARTY, AVALON BAY COMMUNITIES, INC., WILL PAY A FAIR SHARE OF THE COST OF THE WATERWORKS SYSTEM IN PLACE AT THE TIME OF ENTRANCE; 4) SUBMIT AN ASSESSMENT OF HOW THE REQUESTED CONNECTION IS CONSISTENT WITH THE OBJECTIVES OF DANVERS' (NON-MWRA COMMUNITY) AND PEABODY'S (MWRA COMMUNITY) RESPECTIVE COMPREHENSIVE PLANS, INCLUDING AN ALTERNATIVES ANALYSIS AND BUILD-OUT ANALYSIS RELATED TO THE COMMUNITY'S WATER AND WASTEWATER COLLECTION SYSTEMS; 5) PROPONENT SHALL PROVIDE AN ANNUAL REPORT TO THE MWRA DETAILING THE AMOUNT OF METERED WATER USE FOR THE PRECEDING CALENDAR YEAR FOR THE PORTION OF THE AVALON VILLAGE DEVELOPMENT LOCATED IN THE TOWN OF DANVERS; 6) TOTAL WATER USE FOR THE ENTIRE AVALON VILLAGE DEVELOPMENT IS 77,198 GALLONS PER DAY (GPD)/28,177,280 GALLONS PER YEAR (GPY), FOR WHICH THE STRADDLE CONNECTION IS LIMITED TO 12,000 GPD/4,380,000 GPY. NO PORTION OF THE STRADDLE CONNECTION CAN BE UTILIZED FOR OUTDOOR MAINTENANCE OF LAWNS AND LANDSCAPES. AN ENTRANCE FEE WILL BE DEVELOPED BASED UPON PROJECTED ACTUAL WATER DEMAND INCLUDING MEASURES TO BE TAKEN BY THE PROPONENT TO PROMOTE WATER CONSERVATION, LEAK DETECTION OR OTHER

DEMAND MANAGEMENT, CONSERVATION OR PROTECTION MEASURES. THE ASSESSMENT OF AN ENTRANCE FEE ENSURES THAT THE PROPONENT PAYS ITS FAIR SHARE OF THE COST OF THE WATERWORKS SYSTEM IN PLACE AT THE TIME OF ENTRANCE. THE MWRA ADVISORY BOARD RECOGNIZES THE JUSTIFICATION FOR THE CONNECTION TO THE PEABODY SYSTEM IS BASED UPON MATERIAL CONSTRAINTS ON DANVERS' MUNICIPAL WATER SUPPLY, POTENTIAL IMPACTS OF ADDITIONAL WITHDRAWALS FROM AN ALREADY STRESSED BASIN (IPSWICH RIVER) AND MITIGATION PROVIDED BY THE PROPONENT TO THE CITY OF PEABODY INTENDED TO REDUCE DEMANDS ON THE MWRA SYSTEM AND IPSWICH RIVER WATERSHED IN THE AMOUNT OF 250,000 GALLONS PER DAY, OR APPROXIMATELY 45.2 MILLION GALLONS PER YEAR. It was seconded and passed by unanimous vote.

IV. Action Item: Advisory Board Comments and Recommendations to the Authority's Proposed FY04-06 Capital Improvement Program

Cornelia Potter stated that staff had two budget documents to work from this year, which are both listed on the Authority's web site.

The Capital Improvement Program contains a very different budget picture this year; not only because of the reduction of state debt service assistance, but also the reduction of local aid to communities and other budgetary setbacks that have created a sobering picture.

If the Authority were still receiving debt service assistance, it would have been eligible for nearly \$353 million over the period of FY03-08. The Authority, in its planning projections, now assumes no funding for debt service assistance. Rates for FY03-04 combined are 11% greater than the FY02 rate revenue requirement. It is the biggest increase in ten years.

Ms. Potter stated that \$50 million of debt service assistance supports debt service payments on a billion dollars worth of borrowing. The Authority developed a balanced approach for dealing with the \$47 million revenue gap: one-third from rate stabilization funds, one-third from Operating and Capital Expenses and the last third from a supplemental rate increase.

In the coming years, the Authority is going to continue to accelerate use of the rate stabilization funds faster than previously expected; continue to further reduce operating expenses; and there will be additional opportunities to refinance existing debt. Even so, rate increases will still be greater than over the last ten years. By FY08, the Authority assumes that rate revenue will rise to \$575 million. Taking a renewed look at the capital program will be important.

The Authority began this process with a capital project review and voted to defer \$63 million in planned capital spending for the next couple of years. MWRA continues to further update and reschedule these projects and shifting out spending by \$112 million over the next three years. The Authority agreed to give specific attention to the CSO Program because it is such a large portion of future spending.

The Authority prepared this budget before debt service assistance was eliminated. The ten-year program was proposed at \$1.5 billion, nearly half for wastewater and 42% for water. It increased the budgeted amount by \$0.25 billion. Advisory Board staff is not only modifying projects but also pointing out that the Authority must overhaul its capital program. The greatest

spending over the next three years continues to be the Walnut Hill Water Treatment Plant, the CSO program and Braintree-Weymouth Relief Facility.

This is the third year that the budget has been prepared under the provisions of the cap. This year MWRA not only continued to borrow from the out years to cover its spending, but it has used up nearly all of its capacity and came within \$1 million of the multi-year cap, even under the rolling cap definition. The Advisory Board is making pointed remarks about keeping within the spirit and intent of the cap. If MWRA were to stay within the Advisory Board's recommendations, it would have to move more than \$0.25 billion out of the original budget to the period beyond 2010.

The Advisory Board recommends that MWRA reactivate the Master Planning process to overhaul the capital budget, stay within the cap and look more carefully at the early years because of the debt service impact. To get MWRA's attention, staff has suggested that until MWRA puts the Master Planning process in place, it should put all new contract awards on hold.

Mr. Pappastergion stated that MWRA staff and the Advisory Board had a fundamental disagreement over the interpretation of the cap. Based on that, a Committee was formed to redefine the cap. For some reason the Committee didn't do that and the staff has pushed it even further. Mr. Favaloro said when the Committee last met, the assignment was to come up with a list of projects and prioritization and what can be pushed out.

Ms. Potter noted that the meeting happened in early November and all attention turned to debt service assistance. The MWRA's proposed CIP was in place by early November, but didn't change at that point.

Mr. Carroll questioned if the Board of Directors has taken a vote on any contract that violates the agreement. Ms. Potter clarified that the first three years of the ten-year period have specific caps for each year; the Authority has stayed within those numbers so far. Because MWRA always says it will adjust to stay within the ten-year cap, that test hasn't taken place. It is the budgeted numbers for the seven years beyond the first three that are over the cap. MWRA hasn't actually gone over the cap because the contracts have not yet been awarded.

Mr. Favaloro stated that this budget reinforces staff's point. Last year, based on the Advisory Board's definition, MWRA was \$100 million over; this year it is \$286 million over.

Mr. Carroll asked why the Cap Committee is not having meetings. Ms. Potter stated that not having had meetings in December and January, MWRA staff wanted to wait until the Advisory Board's review is complete.

Mr. Carroll stated that staff recommends that no contracts be awarded until the master planning process is underway. What is that process? Ms. Potter responded that Lise Marx of the Planning Department is in charge of the Master Planning. Already partially in place is the Steering Committee, which includes members of the staff from across the Authority to discuss projects and schedules; to work in a reliability centered maintenance (RCM) approach to maintaining the major facilities; to look at the asset management design team initial results; and to come up with a comprehensive program for capital maintenance. Right now the capital budget is a collection of projects that come from different departments within the Authority.

There is no unity or sense of when the projects must go forward. If something has to go faster, what has to give?

Mr. Ferrara stated that the capital budget has taken on an incremental nature where projects are added if a department deems it appropriate. The question is asked on whether it is urgent or necessary, but not necessarily within a broader context of other projects. For example, the draft Waterworks Master Plan has not been updated since 1993. The Advisory Board is advocating for a uniform Authority-wide master plan.

Ms. Potter stated that it goes back to developing a sustainable and predictable spending program that the Advisory Board has long advocated. Instead the Authority simply adds to its capital program whatever comes along; thrown in without a more comprehensive look at what it means for rate impacts, new borrowings, when should these projects be done.

Mr. Carroll stated that the Advisory Board representatives to the Board of Directors have to get together with Advisory Board staff and understand this before the next Board meeting.

Mr. Fink offered that perhaps the Advisory Board should work out a format and give it to the MWRA in its recommendations and say list every project and indicate why it is a priority. What is the impact if delayed one year, three years, five years, etc. Give the Authority specific criteria to rank the projects, one versus another, as far as need, priority, or reason why it is done. Mr. Pappastergion stated that MWRA does rank projects, but the question comes if something has to give, what is going to give?

Mr. Sullivan noted that the West Roxbury Tunnel report states that it is corroded, but that it is in solid rock. "The Tunnel to me just took a nosedive because it is made of solid rock, it is not going to fall in."

Mr. Pappastergion stated that the Board got the message that the West Roxbury Tunnel project is critical and that it would cave in. Ms. Potter stated that the MWRA has to fix a shaft and a piece of the Tunnel and the rest is experiencing lesser degrees of deterioration.

A Motion was made **TO APPROVE THE ADVISORY BOARD COMMENTS AND RECOMMENDATIONS TO THE AUTHORITY'S PROPOSED FY04-06 CAPITAL IMPROVEMENT PROGRAM.** It was seconded and passed by unanimous vote.

V. Action Item: Community Recommendations Regarding Anticipated Impacts Resulting from the MWRA's Replacement of the Wastewater Metering Collection System

Mr. Fink stated that a series of five motions were developed and approved unanimously by the Operations Committee regarding the MWRA's replacement of the Wastewater Metering Collection System. The Operations Committee would like to forward it on to the Executive Committee and full Advisory Board for a vote.

Mr. Sullivan noted that since the program doesn't start until next year, the three-year numbers to be averaged would be for FY01-03.

A new policy has been established to deal with issues related to discrepancies with the size of pipe, which will go back one year. If a meter malfunctioned and flows were different, the Committee agreed that it would be left alone, starting anew.

A Motion was made **TO APPROVE THE COMMUNITY RECOMMENDATIONS REGARDING ANTICIPATED IMPACTS RESULTING FROM THE MWRA'S REPLACEMENT OF THE WASTEWATER METERING COLLECTION SYSTEM.** It was seconded and passed by unanimous vote.

VI. Legislative Update

Mr. Favaloro stated that staff is continuing to push for the transfer of the MDC Division of Watershed Management (DWM) to the MWRA. Senators Brewer and Rosenberg responded positively as long as the level of recreation is not reduced.

Staff has met with Senate Ways and Means and is scheduled next week to meet with the Chairman of Natural Resources. Efforts continue to schedule a meeting with House Ways and Means.

In the next few days, a *Herald* story will report the MDC's acquisition of land despite the recommendation of a steering committee, which reviews every application for purchase based on its importance to watershed protection, to not purchase the land. MWRA is now paying debt service and PILOT payments on lands that have little critical impact to watershed protection.

Both the House and Senate have requested runs on the Authority's numbers with anywhere from \$10 million to \$58 million of debt service assistance, which means the Caucus has kept the issue alive. It is imperative to keep the line item alive, regardless of the contribution.

VII. Approval of the Advisory Board Agenda for March 20, 2003

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE MARCH 20, 2003 MEETING.** It was seconded and passed by unanimous vote.

VIII. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:53 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary