

**EXECUTIVE COMMITTEE MEETING
JUNE 15, 2007**

Minutes Approved at the September 14, 2007 Meeting

Present: John Sullivan, BOSTON; Ed Sullivan, CANTON; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Ron Seaboyer, MELROSE; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Ted McIntire, READING; Zig Peret, WILBRAHAM.

Also in attendance, Andrew Pappastergion, MWRA BOARD OF DIRECTORS; Hillary Lacirignola, WESTON & SAMPSON ENGINEERS, INC.; Philip Macchi, MACCHI & MACCHI, LLP; Daniel Merrikin, MERRIKIN ENGINEERING, LLP; Nick Panagopoulos, D & N REALTY TRUST; Pam Heidell, MWRA STAFF; Joseph Favaloro, Cornelia Potter, Christine Hevelone-Byler and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

I. Approval of the May 11, 2007 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:32 a.m. A Motion was made **TO APPROVE THE MAY 11, 2007 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Legislative Update

MWRA Advisory Board Executive Director Joseph Favaloro stated this past week Advisory Board staff submitted testimony at two legislative hearings. The first testimony was on duplicate payment in lieu of taxes (PILOT payments) for western Massachusetts. The Advisory Board's position was not well received. In 1938, six towns received payments for services for the land that was taken for the creation of the Quabbin Reservoir. In 1985, the MWRA became the agent in charge of restitution. The Authority not only provides PILOT payments at 100% of the assessed valuation of the property; MWRA also provides the pre-PILOT payments, essentially double payments of about \$500,000. The Advisory Board's legislation requests to pay the PILOT payment, without the duplication. It is doubtful this legislation will pass in this session; however, it sends a message.

The second item was the fringe rate assessed by the Commonwealth. The Authority has overpaid the Commonwealth for health insurance costs in the \$300,000 to \$500,000 range. Payments are being made based on a percentage of salary, rather than based on a single or family plan. If an employee makes \$100,000, the insurance charge is \$23,000. There are more accurate ways to calculate this information.

Chairman Dunphy noted these two items add up to \$1 million so it is worth pursuing.

Mr. Favaloro said the Commonwealth says it is too difficult to bill by plan and that a percentage is easier. GIC sends MWRA a bill; why can't GIC send a bill for DCR's employees?

III. Action Item: To Approve the Request by D & N Realty Trust, Located Primarily in the Town of Foxboro, to Tie Into the MWRA System from its Site at Two Washington Street, Foxboro Via a Connection to the Walpole System

Hillary Lacirignola of Weston & Sampson Engineers, Inc., consultant for D & N Realty Trust, was present to request a sewer connection for D & N Realty Trust under MWRA Policy # OP.11 for a location outside of the MWRA service area (Foxboro, Massachusetts). The site consists of a restaurant, function hall, a recreational facility and offices for a construction company; the site and the buildings are in Foxboro with a small portion located on the Walpole town line.

The site is an existing facility that dates back to the 1960s and services the local communities of Foxboro and Walpole. The application came about because the Boards of Health of both Foxboro and Walpole had concerns about the failing septic system. An evaluation was conducted to determine if a new septic system could be installed on the site and it was determined that the soils are not supportive of onsite treatment.

Average daily flow is 11,000 gallons per day. Title V allows for the calculation of flows based on actual meter readings for existing sites. Under this provision, with 200% of the average water usage, Title V flow would be about 22,000 gallons per day. The applicant was seeking a permit for 22,750 gallons per day based on 175% of a conservative average estimate of 13,000 gallons per day. The MWRA's policy has changed with respect to calculating Title V flows; using the chart allowed in Title V, the flow calculated is approximately 43,000 gallons per day.

With respect to inflow removal, MWRA Policy # OP.11 requires that the applicant remove peak inflow at a rate of four to one gallons per day of proposed wastewater discharge. The applicant has identified approximately 91,000 gallons of peak inflow to be removed from the Walpole system through improvements to 27 manholes. The manhole improvements may include raising or resetting the frame and cover, installing a water tight cover, or repairing the pavement surrounding the manhole or a combination of these.

To verify the quantity of peak inflow for the proposed manholes, the consultant conducted rainfall simulation testing, measuring the flow accepted by the manhole with the cover in place, which consisted of applying a known volume of water to the area surrounding the manhole and timing how long it took for that known volume of water to enter through the manhole cover.

Upon completion of the work, a final inflow removal report with a detailed description of how each manhole was rehabilitated, with pre- and post-construction photographs, and a summary of the before and after rainfall simulation on sixteen manholes will be submitted. The tests will be certified by Walpole.

The connection is consistent with MWRA's NPDES permit and sewer use regulations and will not result in surcharging of the MWRA system and is consistent with Walpole and Foxboro's wastewater management plans. The applicant will be responsible for maintenance of the piping within his property and will not allow any additional connections without approval by Walpole or MWRA.

A study of the hydraulic capacity of the Walpole system was conducted and showed that there is adequate capacity to handle the connection with some downstream improvements

that the applicant is undertaking. The connection has been approved by both Walpole and Foxboro and has also received legislative approval.

With respect to the Inter-Basin Transfer Act, the applicant will remove an additional one to one gallons per day of inflow from the Walpole system to offset the inter-basin transfer.

This connection is important to the applicant and the communities of Foxboro and Walpole. The septic system failed over two years ago and the applicant has been pumping on a regular basis at a cost of about \$90,000 per year.

Chairman Dunphy asked if the applicant does not have sufficient locations in Walpole to achieve its inflow removal plan, what would happen. Ms. Lacirignola said we would likely defer to MWRA and let them guide us; however, we are willing to do whatever needs to be done, including looking downstream.

A Motion was made TO APPROVE THE REQUEST BY D & N REALTY TRUST (CHRISTINA'S RESTAURANT AND FUNWAY), LOCATED PRIMARILY IN THE TOWN OF FOXBORO, TO TIE INTO THE MWRA WASTEWATER SYSTEM FROM ITS SITE AT 2 WASHINGTON STREET, FOXBORO, MA VIA A CONNECTION TO THE WALPOLE SYSTEM THROUGH A 1,180 FOOT, EIGHT-INCH FORCE MAIN IN ADDITION TO 370 FEET OF SEWER SERVICE PIPING ON THE APPLICANT'S PROPERTY.

THIS MOTION IS SUBJECT TO THE PARAMETERS SET FORTH IN MWRA POLICY #OP.11, "REQUESTS FOR SEWER SERVICE TO LOCATIONS OUTSIDE MWRA SEWER SERVICE AREA." THIS INCLUDES PROVISIONS THAT 1) THE APPLICANT WILL BE RESPONSIBLE FOR MAINTENANCE OF PIPELINE CONNECTING THE PROPERTY TO THE EXTENDED WALPOLE SEWERAGE SYSTEM AND WALPOLE WILL BE RESPONSIBLE FOR THE PIPE FROM CHRISTINA'S CONNECTION POINT TO ITS SYSTEM; 2) THE APPLICANT WILL BE RESPONSIBLE FOR ASSURING THAT NO ADDITIONAL CONNECTIONS WILL BE MADE TO THE PIPE FROM OUTSIDE OF WALPOLE WITHOUT PRIOR APPROVAL OF THE MWRA.

FOR THE PURPOSES OF CALCULATING THE ENTRANCE FEE AND PEAK INFLOW REMOVAL, THE APPLICANT'S FLOWS WILL BE SET TO A MAXIMUM DAILY FLOW OF 43,393 GALLONS PER DAY. THE APPLICANT WILL LIMIT AVERAGE DAILY FLOW TO 13,000 GALLONS PER DAY.

THE APPLICANT WILL PAY THE TOWN OF WALPOLE BOARD OF WATER AND SEWER COMMISSIONERS, OR OTHER ENTITY TO BE IDENTIFIED, A FEE TO REMOVE AT LEAST 173,572 GALLONS PER DAY OF PEAK INFLOW FROM THE WALPOLE SYSTEM, PURSUANT TO THE FLOW REMOVAL REPORT SUBMITTED IN ITS APPLICATION AND THE REQUIREMENTS OF MWRA POLICY #OP.11, WHICH STIPULATES A FOUR TO ONE REDUCTION OF INFLOW. THE APPLICANT MUST SUBMIT AN UPDATED FLOW REMOVAL REPORT AND PROVIDE MEASUREMENTS BOTH PRIOR TO AND AFTER REMOVAL OF THE INFLOW AS STATED IN THE UPDATED PROPOSAL. THE APPLICANT WILL PROVIDE THE MWRA ADVISORY BOARD WITH A FINAL FLOW REMOVAL COMPLETION REPORT VERIFYING 173,572 GALLONS PER DAY OF INFLOW HAS BEEN REMOVED. IN ADDITION, THE APPLICANT WILL BE RESPONSIBLE FOR ENSURING AN ADDITIONAL 1/1 REDUCTION PURSUANT TO THE REQUIREMENTS OF THE WATER RESOURCES

COMMISSION. INFLOW IS TO BE REMOVED PRIOR TO THE ACTIVATION OF THE CONNECTION.

THE APPLICANT WILL PAY A CONNECTION FEE OF \$168,391 TO THE MASSACHUSETTS WATER RESOURCES AUTHORITY, CONSISTENT WITH THE GUIDELINES SET FORTH IN MWRA POLICY #OP.11 IF BOARD OF DIRECTORS APPROVAL IS OBTAINED PRIOR TO JUNE 30, 2007. APPROVAL AFTER JUNE 30, 2007 WOULD NECESSITATE A RECALCULATION OF THE ENTRANCE FEE. It was seconded and passed by unanimous vote.

IV. Update: CIP/CEB Review Processes

Cornelia Potter stated the Authority has continued to update and modify its assumptions for the final budgeted numbers for the Current Expense Budget (CEB). It leaves the Authority's proposed rate revenue requirement now at 5.9%, assuming the \$15 million statewide Debt Service Assistance Program. If the \$25 million statewide program becomes the final number, it would translate into a revised rate revenue requirement of 4.4%.

The Authority has continued to modify Wages & Salaries and electricity assumptions for next year's budget and reduced the budget further from the June 6 hearing by another \$2 million, which is the reason that the proposed 6.4% was brought down to 5.9%. Thus, the final direct expenses are now proposed at \$207 million, which is an increase of \$3.5 million from FY07.

Mr. Favaloro said in the event that the statewide Debt Service Assistance allocation stands at \$15 million, with the Authority only receiving \$11.25 million, what are the series of adjustments to get to a new end point? The Authority said it would use additional reserves that have already been allocated to get closer to the 4.4%. The Advisory Board's response was "absolutely not". The Authority has allocated its reserves between now and FY14. In FY11, staff plans to use nearly \$39 million in reserves just to get to a 6% rate increase. It is not a rainy day fund; the reserves are allocated over the next five fiscal years. The Authority has just gone through a massive restructuring of debt to keep the rates in the 5 – 6% range. The Advisory Board continues to suggest to the Authority that it has flexibility with GASB 45. Not only did Authority staff put a \$5.5 million contribution to GASB in FY08, they then added more money bringing the number to over \$7 million. If the MWRA wants to get the rate increase to below 5% if DSA falls through, Advisory Board staff suggests delaying the GASB contribution. It would be best to show the legislature that the MWRA has a long-term post-employment liability, thus, this would be the only year the Authority would have this opportunity. Mr. Favaloro stated he would instruct the Advisory Board's Board members not to support the use of additional reserves in FY08.

The Advisory Board's message for the June 27 Board of Directors' meeting is, without DSA, the rate increase should be 5.9%.

Regarding the requirements of GASB 45 (post-retirement benefits), Ms. Potter said the Authority is charged with developing a plan during FY08; the question is what does the first deposit need to be, a full year or a demonstration of intent to meet the multi-year line item? Advisory Board staff is encouraging the Authority to look more imaginatively and widely to demonstrate its intent to meet the liability.

On the capital side, the Authority has made some modifications to its proposed budget. The Authority has increased total budgeted amounts for capital spending by \$17.6 million, bringing the total budget, net of contingency funds, to \$4.556 billion. More significantly, the Authority has accelerated the West Roxbury Tunnel Project, which had been proposed for construction in the following five-year cap period, FY14-18. As a result, the revised proposed cap for FY09-13 is increased by \$48 million from the proposed budget to a new total of \$1.041 billion, as compared to the \$993 million in the proposed budget. The West Roxbury Tunnel is an \$80 million project.

V. Update: Rutland-Holden Sewer Working Committee

Mr. Favaloro said the Rutland-Holden Sewer Working Committee, consisting of representatives from Rutland, Holden, West Boylston, legislative delegations from the three communities, the Department of Conservation & Recreation, MWRA and Advisory Board staffs, has met twice. There has been a healthy exchange of dialogue. The communities have now asked to bring Worcester into the discussion because Worcester receives flow through Blackstone. It won't happen overnight, but the fact that the parties have engaged in dialogue has been helpful. The relationship of the players will have changed for the better. This is an ongoing effort that the Advisory Board has initiated.

VI. Approval of the Advisory Board Agenda for June 21, 2007

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE JUNE 21, 2007 MEETING.** It was seconded and passed by unanimous vote.

VII. Other

Mr. Favaloro noted, over the summer, as negotiated in the last lease, the Advisory Board will exercise its option to replace the rugs.

Chairman Dunphy noted that there was a mention at the Board meeting about a fine to Good Humor/Breyers. That issue has not been resolved yet? Mr. Favaloro said the Authority has fined Good Humor/Breyers \$500,000 for non-compliance.

VIII. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:35 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary