

**EXECUTIVE COMMITTEE MEETING
FRIDAY, JUNE 11, 2010
CHARLESTOWN NAVY YARD
BUILDING 39, 2ND FLOOR BOARD ROOM
Minutes Approved at the September 10, 2010 Meeting**

Present: Jay Fink, LYNN; Katherine Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; John DeAmicis, STONEHAM; Zig Peret, WILBRAHAM.

Also in attendance, John Carroll, Andrew Pappastergion and Joseph Foti, MWRA BOARD OF DIRECTORS; Michael Hornbrook and Carl Leone, MWRA Staff; Joseph Favaloro, Cornelia Potter and Matthew Romero, MWRA ADVISORY BOARD STAFF.

Chairman Katherine Haynes Dunphy called the meeting to order at 8:42 a.m.

I. Update on Advisory Board Office Move

MWRA Advisory Board Executive Director Joseph Favaloro stated that renovations to the new space for the Advisory Board offices are underway and will be completed in August at the latest. The Executive Committee was invited to take a tour after the meeting if they so desired.

The potential new owner of 11 Beacon is much more competitive with the lease rates and wants the Advisory Board to stay, but the rate is still not competitive enough compared to the Charlestown Navy Yard (CNY). The current vacancy rate at 11 Beacon is 40%.

Staff will continue to negotiate with the landlord of 11 Beacon to see if the Advisory Board can get out of its lease early and be at the CNY by September.

There will be a further adjustment to the Advisory Board's budget for FY11, reducing it by another \$1,800 because it makes more sense for the owner of the building at the CNY and MWRA to deal with electricity as it is currently structured. This cost will be removed from the Advisory Board budget and will increase the MWRA's electricity line item.

Further, staff is negotiating with the Authority on a phone system so there could be further savings in the Advisory Board's budget for the telephone line item as well.

The Advisory Board has received two estimates (with a third coming in) to date for the cost of moving, both in the range of \$2,400 to \$2,800. One casualty of the move will be the conference table because there is not a way to remove it from the building intact.

II. Status: Proposed FY11 CIP/CEB Review

Mr. Favaloro said the hearing on the FY11 CIP/CEB was held on Wednesday. Many of the major pieces had already been decided upon, such as the 1.49% rate revenue increase. With the Advisory Board jumpstarting the process in the fall, it allowed for a good dialogue and discussion and closure on the rate revenue requirement.

There was some discussion on a maximum cap. The Authority has added \$200+ million in redundancy projects, which will be on our plate for September to get a full redundancy update.

The Authority is potentially over the \$1 billion max cap for the FY14-18 timeline; however, much discussion will take place between now and when this cap evolves. The Authority has not necessarily agreed to the max cap recommendation but will work toward it. With contingency and inflation, the Authority is currently at \$1.13 billion, which includes the re-look at redundancy.

Staffing and Information Technology studies are going to occur. The Advisory Board will have two seats on the Staffing Committee.

There was good dialogue relating to system expansion; everyone wants to sell more water.

Advisory Board staff has worked aggressively to stop additional Pension payments beyond what the Authority needs to deposit to meet its obligations. This topic relates to the additional \$2.8 million that the MWRA planned to deposit over and above its required payment. Discussion focused on how best to utilize these funds and MWRA staff's proposal to the Board was to put the funds into rate stabilization to provide the MWRA with additional flexibility.

The next goal is to focus on the mountain of debt through 2022 and Advisory Board staff will serve on the Committee to contribute to this process.

III. Interim Replacement for Ed Sullivan, Executive Committee Secretary

Mr. Favaloro stated with Ed Sullivan's retirement, the Advisory Board needs to appoint an Interim Secretary until the September meeting, when a formal process will take place, to help with a backlog of meeting minutes.

Lou Taverna has agreed to help out and serve as the Interim Secretary if the Committee is so inclined.

Bernie Cooper made a Motion **TO NOMINATE LOU TAVERNA TO SERVE AS THE INTERIM SECRETARY OF THE MWRA ADVISORY BOARD FOR THE REMAINDER OF FY10**. It was seconded and passed by unanimous vote.

IV. Shaft 5A Pipe Break Investigation

Mr. Favaloro reported that the MWRA Board of Directors appointed a Chairman of a special committee of expert panel members to investigate the leak / break at Shaft 5A and the causes and effects. The Board is also looking at another individual from academia with geotechnical

expertise and someone from one of the major organizations such as the American Water Works Association or American Public Works Association to serve as the third member.

To date, the Authority has not had success in finding the coupling and the concern now is that it will cost more to try to find the coupling than it actually cost to repair the leak. Further, they have reached a point in digging where they could undermine the pipe itself. Fred Holland from Camp Dresser & McKee attended the Board meeting and told the Board that there is a possibility that the coupling may not be found. A significant amount of groundwater has been encountered where they are digging, which provides more problems.

Board Member John Carroll said without the coupling, the panel may have problems making a determination of the cause of the break; it is tremendously important that the coupling be found. MWRA Chief Operating Officer Michael Hornbrook stated that the excavation currently being done is as low as it can go because groundwater and fine sands are coming in. Staff is developing a series of steps; for example, what steps would it take to put in a well system that would lower the groundwater in that area that would take it straight down instead of pulling it toward the hole. The next step would be to do some specific probes without excavating. Another step may be to shore up the excavation more and do a little more digging. The next step is to find out what technologies are available to look under the pipe and, if something is found, how would it be removed being cognizant that we have to do it safely.

Jay Fink asked how deep the Authority has dug. Mr. Hornbrook said we are currently three feet below the invert and the invert was about 18 feet deep, so we are about 20 feet deep and the groundwater is about six feet higher now. A groundwater draw down system will be put in; we'll design it once so that if we have to get in under the pipe it will be able to go all the way down rather than just two feet below the pipe, we will be able to bring it down four or five feet below.

Chairman Dunphy asked if the MWRA can provide a report for the June Advisory Board meeting.

V. PROPOSED REVISIONS TO THE LOCAL WATER SYSTEM ASSISTANCE PROGRAM GUIDELINES

Mr. Favaloro said through the Operations Committee and votes of the Advisory Board, we have come up with some thoughts and ideas as relates to the "Tier 2" issues on the water side.

At the MWRA Board of Directors meeting, Vincent Mannering stated that the program was really geared toward lining pipes; now it seems to be diverting itself to an "anything you can" approach. The Operations Committee put a lot of effort into the program and wants to make meters and GIS and other options available because it is the communities' money so there should be some flexibility.

Mr. Mannering offered an amendment to tighten the rules that would only allow Tier 2 funds to be used if 80% or more of the community's mains are lined. The Board determined not to take any action until the second meeting in June and has moved the item back to the Advisory Board

for further discussion. The end result is that fewer communities will have flexibility. Under the Advisory Board's language there were 20+ communities that would have some flexibility because they would have spent 50% or more of their funds to do lining projects. Under the amendment that is under consideration by the Board, the list would go to ten or eleven communities.

Mr. Favaloro said the clear and most important point is the program was extended. There was a lot of debate and discussion for months if there would be another round of pipe money available. The second point is Mr. Mannering is not wrong; the intent of the program was to line or replace pipes. Mr. Favaloro suggested that it is important that the program continue to exist and receive the funding for this year. If the Executive Committee wants to push for the program the Advisory Board voted upon, we can do that at the second Board meeting in June.

Mr. Fink, the Chair of the Operations Committee, said he agreed with Mr. Favaloro that there is a program and money in place for all of the communities to benefit and utilize and that is a good thing. It is unfortunate that some communities will be squeezed out of doing other things. This whole program did start with water quality, which is directly attributable to unlined pipes. Mr. Mannering is not wrong; however, it is more the method and timing of it that is disheartening. The Advisory Board has made its recommendation to the Board and Mr. Fink said he did not see any reason to alter it. Let the actions be taken and hopefully we will have a program that we can utilize.

Board Member Andrew Pappastergion said there were some valid concerns about the original intent of the program and the fear was that there would be a lot of communities that spend \$0 for cleaning and lining pipe and spend their allocation for other things, which is great but it is not what the original intent of the program was. The Board disagreed with that premise.

Board Member Joseph Foti said this is a different program that the Advisory Board wants to put into place. The original funds are still there for main and lead services work with a sunset clause. This is phase 2 or another program, which would allow these projects.

Chairman Dunphy said the proposed change was if you had 50% of your pipes lined, then you could use it for other things; now it's 80%, which seems to be a big gap and very hard for a community to ever get that far in the timeframe. Mr. Favaloro said the Advisory Board's recommendation was even more flexible and it was if you use 50% of the allocated funds, the criteria was met for Tier 2.

Bernie Cooper said to get Boston's support, this Amendment will have to go through. Mr. Foti said not necessarily. The discussion on Wednesday was that there were questions so instead of having a split vote, the Board felt it was better to send it back to the Operations Committee and the Advisory Board for more discussion so that everyone can be happy with the program.

Mr. Favaloro noted that today is June 11; to have a real discussion with an Operations Committee meeting and get it back to the Board by June 30, it would not get the full attention.

Mr. Foti said he felt the program would prevail even if it were sent back to the Board the way it is but we wanted to make it comfortable for everyone on the Board to be able to vote and support it. If that means sending it back the way it is, then so be it.

Mr. Foti said there is merit to the original intent of the program; however, a community could use all of its funds and still not get to 80%. Mr. Taverna noted that Newton wouldn't get to 80% and this would force Newton to use all of the funds on cleaning and lining and would not allow for any other type of projects.

Mr. Fink said the original program was not to clean and line it was to improve water quality through cleaning and lining to lower the chlorine demand on the water so eventually there would be better quality water and it would lower chemical costs.

Mr. Romero suggested tying the percentage of lined pipe for each community toward the allocation for Tier 2 and the balance required to be used toward lining pipes.

Carl Leone said Newton has 54% of unlined pipe so 54% of the new funds would need to go toward Tier 1 for lining pipe and the remaining 46% could be used for other projects if Newton wanted to.

Mr. Favaloro said he will add this to the Advisory Board meeting agenda with a new recommendation and will provide it to the Authority. Mr. Romero suggested that a date be determined to apply the "snapshot" for the percentage for each community.

Mr. Favaloro said prior to the distribution of the first dollar of Tier 2 funds the snapshot would be taken because all Tier 1 money would have been used.

Jay Fink made a motion **TO MOVE FORWARD TO THE FULL ADVISORY BOARD (Matt Romero's recommendation) TO TIE THE PERCENTAGE OF LINED PIPE FOR EACH COMMUNITY TOWARD THE ALLOCATION FOR TIER 2 AND THE BALANCE REQUIRED TO BE USED TOWARD LINING PIPES.** It was seconded and passed by unanimous vote.

VI. EPA Changes to Stormwater and SSO Management

Mr. Favaloro said nationally, EPA has come out with "listening sessions" (none in New England) relating to Sanitary Sewer Overflows (SSOs) and the National Pollutant Discharge Elimination System (NPDES) permits, etc. The discussion is percolating to a point where it could be

extremely difficult for communities moving forward; there will be operation and maintenance on SSOs and more enforcement.

Advisory Board staff has continually talked about the co-permittee issue; if the MWRA and communities don't fight this issue, it will be the vehicle EPA will use for enforcement on communities through the MWRA.

EPA Region 1 Administrator Curtis Spalding will be at the Advisory Board meeting on June 17.

VII. Other Business

Mr. Favaloro said from the day the water main broke people have been asking if rates will be adjusted because of the cost of repairs.

Mr. Favaloro asked the Board to think about whether rate adjustments should be made. Remember that calendar year 2010 is the basis for FY12 assessments. One approach suggested is to discount the four days during that timeframe for all communities, which would likely amount to \$30,000 to \$50,000. Giving this relief to the communities may result in residents calling about their reimbursement.

Bernie Cooper said in the big picture, how can the Authority forgive water use when nobody had water?

Mr. Fink said rather than "forgiving," substitute numbers in for those four days to make things equitable. Some communities may have had to do significant flushing to purge their system and get everybody back up, for which they should not be penalized.

VIII. Approval of the Advisory Board Agenda for June 17, 2010

Mr. Favaloro noted some changes for the final agenda for the June 17 meeting, including addition of the Local Water Supply Assistance Program guidelines, as well as a presentation from Joshua Das of the MWRA on the Consumer Confidence Report and lead and copper.

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE JUNE 17, 2010 MEETING**. It was seconded and passed by unanimous vote.

VIII. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:43 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Interim Secretary