

**EXECUTIVE COMMITTEE MEETING
FRIDAY, NOVEMBER 12, 2010
ADVISORY BOARD OFFICE
8:30 A.M.**

MINUTES APPROVED AT THE JANUARY 14, 2011 MEETING

Present: John Sanchez, BURLINGTON; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Katherine Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Carol Antonelli, SOMERVILLE, John DeAmicis, STONEHAM; Zig Peret, WILBRAHAM.

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

I. Approval of the September 10, 2010 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:37 a.m. A Motion was made **TO APPROVE THE SEPTEMBER 10, 2010 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Report of the Executive Director

MWRA Advisory Board Executive Director Joseph Favaloro provided members with an update on the repairs of the leak at Shaft 5A. Staff has made substantial progress with the acceleration of the repairs to the Hultman and, in fact, the Hultman has been dechlorinated and is now active and repairs to the leak have now begun. Staff planned to go in and look at the other couplings and internally seal them; however, they found that the other couplings, most specifically the gaskets, are leaking as well. Staff hopes to have the repairs done in the next couple of days.

The Advisory Board is in the process of trying to fill the Government / Media Coordinator position. Fifty applications were received and 12 people were interviewed. Additionally, four people were brought back for a second interview. A decision will be made in the next few days. A fifth person may come back into the mix as well.

One issue has been raised. About a year or two ago, staff came to the Executive Committee about bringing Human Resources Consultant King and Bishop back in; they had set up the Advisory Board's salary structure and the step system. The Executive Committee felt it was not the right time to do this study because of the economy. Staff has not received any COLA's but the steps have been in play.

For the current open position, the salary range was slotted between the low \$40,000s to a max of \$53,000. The past incumbent made approximately \$45,000 after three years. None of the five candidates can be brought on for less than that salary level.

III. Action Item: MWRA Advisory Board 2011/2012 Legislative Package

Mr. Favaloro noted that the concepts and ideas for the legislative package were presented to the Executive Committee at last month's meeting. The Board received the language that the Advisory Board will work to file in the coming months.

The legislature has decided to push back the filing date deadline to January 19, 2011 because, in recent history, they have never had 40+ new legislators and they have been working diligently on a new web site and electronic filing system. To date, the filing system has been unsuccessful so they are not even sure that the legislation will be able to be filed electronically at this point. The legislature is giving themselves a little more time to see if they can get the system up and running.

Since the Advisory Board does not meet in December, staff would like to seek the approval of the Executive Committee and the full Advisory Board on the legislative package during the November meetings. Bills can be filed at any time and as long as there is a sponsor, there is no penalty for a late file.

John DeAmicis asked how this package compares to past legislative packages. Mr. Favaloro said the package is as aggressive as it has been in the past. It continues to develop pathways for the Sewer Rate Relief Fund and continues initiatives on the taxing side (a five-cent tax on the bottle bill), and/or seeks a piece of the bottle bill funding to be dedicated to water and sewer infrastructure. The package also seeks a version of the Septic Tax Credit to evolve sewer rate relief on the retail side to benefit the ratepayers. The concepts are in play; what is different is how staff will play it over the next two years. As an overall package, the main goal is to develop mechanisms to get more rate relief.

John DeAmicis asked if it is possible to add another item to request an increase for the Clinton Wastewater Treatment Plant reimbursement from \$500,000 to \$1,000,000. Wiff Peterson said there might be another way of getting at the Clinton problem of being a co-permittee. The MWRA's position should be that the whole arrangement doesn't make sense anymore. At this point, partly because of that conflict between the permittee being responsible for inflow and infiltration (I/I) and the MWRA having nothing to do with the collection system, the plant should now be given to Clinton for \$1 and they should assume responsibility for the operation. The state has been supporting about 50% of it, the ratepayers have been picking up the other 50% and it is now the appropriate time to turn it back to the community. Clinton would then own the permit and would be responsible for the collection system and the plant. Clinton would then be responsible for all of the capital costs for phosphorous removal and all the operating costs. Mr. Favaloro said that is the approach that the Advisory Board has been using for years.

Mr. DeAmicis said he was mentioning the legislation as a means of keeping the topic of Clinton on the radar screen. Chairman Dunphy said to some extent, if you can actually do that, which will have long-term savings because we will be responsible for the watershed division forever, if you put in something to have Clinton take over the wastewater treatment plant and pay for future capital costs, then you have something that, to Clinton, is going to look a lot more threatening than this simple language. Following Joe's plan, it might at least pay for the treatment plant. Mr. Favaloro said he wanted to re-emphasize that the Clinton Wastewater Treatment Plant is one issue that staff has worked hard on over the years. Staff has used many approaches to try to get the plant turned over or get it fully funded; however, the language has not passed.

Mr. Peterson said there might be an advantage to being a co-permittee. Clinton is not part of MWRA's permit right now; if they are a co-permittee, then they should be paying for the capital costs for the expansion and through the permit hold them accountable for that. They also should be paying for their share of the operating costs because EPA requires that the community provide proper funds for both of those things; MWRA is merely acting as the operator. Normally you wouldn't want to be a co-permittee but you are 100% of the permittee now, by making Clinton a co-permittee they share in the responsibility that EPA and DEP could apply pressure to them to live up to their responsibilities. The strategies should be to either get MWRA completely reimbursed for the full costs by whatever means or get out of it entirely.

Chairman Dunphy said being out of it would be good; having MWRA still responsible and having the other communities as co-permittees really means that EPA and DEP, which don't have as much money as they used to have, would make MWRA the regulator and that would be a new role and it would carry a lot of costs and conflict between MWRA and the local communities, which is not a good thing.

Andrew Pappastergion said you better be very careful going down this road. Be careful of what you ask for because if they are successful in making the towns co-permittees with the MWRA, number one, it does make MWRA a regulator and that it is just a stepping stone because then all the cities and towns are going to be made co-permittees with MWRA on the Deer Island NPDES permit and that is not what we want; we have been fighting that for years. Mr. Peterson said that is a point well taken.

John Carroll said with all due respect, that is using a shot gun to get the fly on the wall. We have to find a way to deal with Clinton in another way.

Mr. Favaloro said in the bigger picture, he is not speaking to the Clinton issue at all. Clinton is just the vehicle to send a message on the MWRA's Deer Island permit. That is where the battle lines are going to be drawn. If we don't start it now with Clinton, or try to back off and use it for other important purposes, when the co-permittee issue comes up with the MWRA communities and the Deer Island permit, the MWRA would not have a leg to stand on. These issues have to be kept separate.

Jay Fink made a **MOTION TO APPROVE THE MWRA ADVISORY BOARD'S 2011/2012 LEGISLATIVE PACKAGE**. It was seconded and passed by unanimous vote.

IV. Status: Clinton Draft NPDES Permit

Mr. Favaloro said the Advisory Board has sent EPA a letter to reserve its right to appeal the Clinton NPDES permit and followed up with comments in News & Notes. When staff sees the draft permit, a determination will be made on what road to go down. It sets the tone and tempo. The draft will likely be ready toward the first of the year.

The Authority's comments were approximately 11 pages and were very technical and detailed in their approach.

V. Request for Connection to the MWRA System for a Single-Family Home under OP.#4

The MWRA and the Advisory Board have received a request for a single-family home to come into the system by tying into the Wellesley system. Weston seems to be agreeable. Mr. Duggan of Wellesley refuses to do what he has been asked to do on identifiable inflow. Until an identifiable inflow project that determines the amount of inflow that is coming out is submitted, then and only then will this process move forward. That is the policy that was established. The I/I removal program has to be developed, identifying the amount of inflow to be taken out and then proven.

VI. CIP/CEB Update

The recommendation last month from the Executive Committee to hold a "budget summit" is happening on December 10. Authority staff has agreed to the meeting, which will strictly be on the topic of MWRA's debt.

Director of Administration and Finance Rachel Madden, Treasurer Tom Durkin and Budget Director Kathy Soni will be in attendance. To maximize the Authority's ability to answer questions, if anyone wants further information, staff should be informed.

Cornelia Potter said so far this year on the capital and current expense budgets, spending for the capital budget has been nearly \$51 million through October as compared to the \$63 million budgeted; that is a variance of 20% thus far. A certain amount of it is timing, particularly distributions on the CSO program and that category of underspending can be expected to close as the year goes on.

Through the first four months of the fiscal year on the current expense side, the Authority has spent about \$185 million, or \$9 million under budget through the first third of the year; much of this is due to continued and unprecedented low variable rate interest rates. This means that Investment Income is also coming up short. It translates into a year-to-date surplus of \$6.4 million for the variable rate debt alone.

The Authority staff is well into preparation of both the current and capital budgets for fiscal year 2012. On the capital side, they are already reviewing the preliminary budget and program, as well as reviewing compliance with the capital spending cap. The next step will be to prepare the staff summary for the December Board of Directors meeting where the Board will be asked to approve the transmittal of the proposed budget to the Advisory Board for its review and comment.

On the current expense side, the staff has been working on the direct expense budget requests from the departments, with drafts due to the budget department over the next three weeks.

By mid-December with the preliminary CEB numbers, they will be drafting the rate revenue requirement in its earliest form and then will test it against the planning projections.

As we look out for any of these projections for rate revenue requirements going forward, debt service is, has been, and continues to be the lion's share of the Authority's budget and the driver of the rate revenue increases. Right now the projections have the rate revenue requirement in just three years being \$100 million more than it is today in FY11 and in two more years after that another \$100 million higher than today, again, according to the current projections that the Authority has published.

VII. MMA Annual Meeting – January 21, 2011

As part of the Massachusetts Municipal Association's Annual Meeting, the Advisory Board is hosting a panel on January 21, 2011 at the Hynes Convention Center. Former Governor Michael Dukakis was invited to be on the panel; however, he will be unavailable on that date. Congressman Markey has been invited to participate and staff is awaiting confirmation of his attendance. Bob Varney, the former EPA Regional Administrator has been invited as well. Commitments have been received from House Speaker Robert DeLeo, to provide a legislative perspective; Bill Golden, the person most associated with the original lawsuit on the Boston Harbor Clean Up; MWRA Executive Director Fred Laskey, to represent the MWRA; and Katherine Dunphy, Chair of the MWRA Advisory Board to represent the communities. That will be the six panelists and MWRA Board of Directors Vice Chair John Carroll has agreed to be the moderator.

VIII. Approval of the Advisory Board Agenda for November 18, 2010

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE NOVEMBER 18, 2010 MEETING.** It was seconded and passed by unanimous vote.

IX. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:48 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Secretary