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**EXECUTIVE COMMITTEE MEETING
FRIDAY, SEPTEMBER 14, 2012
ADVISORY BOARD OFFICE**

MINUTES APPROVED AT THE OCTOBER 12, 2012 MEETING

Present: Bill Hadley, LEXINGTON; Katherine Dunphy, MILTON; Lou Taverna, NEWTON; John DeAmicis, STONEHAM; Carol Antonelli, WAKEFIELD; Zig Peret, WILBRAHAM.

Also in attendance, Joseph Foti, MWRA BOARD OF DIRECTORS; Joseph Favaloro, Matthew Romero, Maggie Kenneally, Cornelia Potter and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

I. Approval of the May 11, 2012 and June 15, 2012 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:49 a.m. A motion was made **TO APPROVE THE MAY 11, 2012 AND JUNE 15, 2012 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Nomination of FY13 Executive Committee

The following slate was presented to the Executive Committee, acting as the Nomination Committee, for its consideration:

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|---------------------------|---------------------------------|
| Chair: | Katherine Haynes Dunphy, Milton |
| Vice Chair of Finance: | Bernie Cooper, Norwood |
| Vice Chair of Operations: | Lou Taverna, Newton |
| Secretary: | William P. Hadley, Lexington |
| Treasurer: | John P. Sullivan, Boston |
| At-Large: | Carol Antonelli, Wakefield |
| | John DeAmicis, Stoneham |
| | Andrew DeSantis, Chelsea |
| | Robert King, Somerville |
| | Timothy MacDonald, Cambridge |
| | Daniel Nason, Northborough |
| | Zigmund Peret, Wilbraham |
| | John Sanchez, Burlington |
| | Walter Woods, Wellesley |
| | (3) Vacant |

Hearing no nominations from the floor, a motion was made **TO SUBMIT THE LIST OF NOMINEES TO SERVE AS THE FY13 EXECUTIVE COMMITTEE TO THE FULL MWRA ADVISORY BOARD.** It was seconded and passed by unanimous vote.

III. Advisory Board's Work Plan for FY13

MWRA Advisory Board Executive Director Joseph Favaloro stated that he has put together a "Top Ten List" of planned Advisory Board activities for FY13.

Number ten is: Who the heck is the "Advisory"? How can staff get out there to ensure that people know the Advisory Board? Currently, the Advisory Board utilizes Flickr and Twitter and also publishes *News & Notes*. Additional documents are the *Comments and Recommendations* and the *Water and Sewer Retail Rate Survey*; however, when the bench was dedicated to Walter Woods, the headline in the newspaper was that the "Authority Recognizes Walter Woods."

Staff plans to work to find ways to make the Advisory Board's website better and utilize all the new tools to improve communication.

Number nine is: Dam it, it's not our job! Mr. Favaloro said in the continuous struggle with the Division of Water Supply Protection (DWSP), there have been a couple of issues that stand out. One issue is the pipeline for the fish hatchery. This office has single-handedly stopped that project now for almost three years and will continue to do so until the Commonwealth of Massachusetts fulfills its obligation. It is not just the fish hatchery. The state is actively attempting to get the MWRA to repair dams that are non-water supply related and the Advisory Board continues to fight that. The Advisory Board and the Board of Directors have sent a clear message that the MWRA will not repair non-water supply related dams.

Further, over a year ago a representative from the Commonwealth came to our meeting and told us that the forestry report was imminent. We are no closer to having a forestry report than we were a year ago. Everyone else in the Commonwealth that had a moratorium on logging and forestry now has forestry plans in place and they have resumed their forestry efforts. The watershed division lands are the only one without a forestry plan in place.

No forestry work has been done for more than two years in the watersheds. For years the DWSP has said that trees provide the filter that protects the water. If no forestry work is being done, perhaps that is not true. Mr. Favaloro said that he and Chairman Dunphy plan to revitalize the discussion in two weeks at the next Trust meeting and may ask for the layoffs of all the forestry personnel. Chairman Dunphy said she plans to ask for a list of what the forestry people are doing and how soon they will be doing the forestry that they should be doing. Perhaps we can ask the Secretary's assistant Stephanie Cooper to come to an Advisory Board meeting so that we can keep pushing this topic.

John DeAmicis said when Ms. Cooper was here she said they would give it one last shot and they then got a commitment from the STAC Chair. Chairman Dunphy said they had one meeting in June. Mr. Favaloro said a draft was internally circulated, they then were supposed to get comments back by July 15, then from there they were going to release the report. Once the report was released, the whole process that follows it was to begin, including meetings with all of the interested parties in the area and then a series of public hearings. None of those steps have occurred. The draft hasn't even been circulated.

Chairman Dunphy said under the open meeting law, the draft should be available to everybody. If it is a working group of staff, then it doesn't have to be released but if these people met in June, we ought to be able to see it. How long do we let this go? Chairman Dunphy said she believes the Advisory Board has to push the issue.

Number eight is: Did you think the process ended when you flushed? Mr. Favaloro said the biggest operational and technical decisions coming for the Authority are what to do with residuals processing. The contract with the New England Fertilizer Company (NEFCo) expires in December 2015. From there, will the Authority renegotiate and extend the contract, which is probably likely, and after looking at it, are they going to change the entire process. With the new technologies, which direction will the Authority head? Between now and 2048, the Authority has allocated \$150 million associated with residuals capital spending. This topic, from an operational and technical perspective, is high on the Advisory Board's agenda because this is the year to push; 2015 is right around the corner. It would not be shocking if they extend the NEFCo contract a few years to ensure that they make the right decision because it will have significant impacts.

Number seven is: The devil is in the details. Mr. Favaloro said this is going to be a huge year for the Operations Committee. The first topic will likely be the details behind sewer metering; the current system has been in place for over a decade and it is beginning to show its age. Police details will likely be the third issue covered by the Operations Committee.

The Authority has decided to have a discussion with the Operations Committee to fully explain where the meters are, how they are operating, and whether we need to look at how many connection points or the meters themselves need to be tweaked. Over the past year, there was an overcharge to Medford; flow that was attributed to Medford was actually Somerville's flow. It is a zero sum game. Any reduction in flow for Medford becomes additional flow for Somerville. The Authority wants to ensure this isn't happening anywhere else. It is a good discussion to have and the best place to have it is with the operational people from the communities that are paying the bills.

Number six is: "Is it safe to get back in the water?" As we look at the methodology around our wholesale water assessments, this is going to be one of the principle activities of the Operations Committee. The Committee will give the water side the same look it will give to wastewater side. Staff has contacted the American Water

Works Association to conduct a member-to-member survey of wholesale water users to ask how they create their water assessments and also whether or not they have a “standby” or “right to use” fee. Staff will compile that information and turn it over to the Operations Committee to have the discussion on what to do with the water rate methodology. The answer may be to continue with the way it is done now.

Mr. Favaloro said the “right to use fee” is significant to him and could also make a significant difference to the Authority. This will take a series of meetings. On the Authority side, Mr. Favaloro identified the MWRA staff that he would like to participate, which included Rick Trubiano, Pam Heidell and Steve Estes-Smargiassi. That is the core team from the Authority. Mr. Taverna noted that these are three “heavy hitters” in regard to the Authority staff that will be on the committee.

Number five is: Give me an “A!” Give me a “B!” What does that spell? CRITIC! Mr. Favaloro said this item was meant to be a little “tongue in cheek” based on editorials over the summer that referred to Mr. Favaloro as a cheerleader of the MWRA, rather than a constructive critic.

This does speak to the Advisory Board’s role and how to better do it. It will be front and center as part of our discussion at the special December Executive Committee meeting to discuss the Advisory Board’s role and where to go. For lack of a better word, this meeting will be an in-house retreat with the members of the Executive Committee to tee up discussion.

Number four is: SELL...SELL...SELL! In regard to expanding the water system, Mr. Favaloro stated that communities are getting closer to joining the MWRA. Meetings have been held with Tri-Town (Braintree, Holbrook and Randolph), Ashland and North Reading. This past week, Representative Ron Mariano asked that Mr. Laskey and Mr. Favaloro meet with Southfield. By early spring, the MWRA may have agreements. Expanding the water system is critical.

Number three is: The Regulators are coming! The Regulators are coming! This has not been a good summer for decisions coming out of Washington and the federal courts in the Region 1 area. The Advisory Board has put an attorney on retainer to fight the co-permittee issue, if and when it arises in the NPDES permit. Recent decisions by the federal court will almost make it impossible to fight co-permittees when EPA comes out with the NPDES permits for Deer Island and Clinton. Previous court decisions have been used to tighten up the language that will allow EPA to have co-permittee language. EPA will be able to use the MWRA to be an enforcement agency against the communities.

Stormwater regulations are the biggest issue coming. EPA will use whatever method it has, be it the Authority or court actions, to get all communities on stormwater. This is the mega-billion dollar question on how, in these times, the EPA is going to start hitting communities up on stormwater regulations. They still say there are no costs associated, these are just best management practices and it won’t cost a dime. EPA

came before the Advisory Board two years ago stating that there were minimal costs associated with it; the speaker got pulverized about there being no cost, of course there is.

Lastly, staff teed up as one of its budget recommendations, providing primacy to the state as opposed to EPA Region 1 as relates to wastewater, which has picked up momentum. The Infrastructure Finance Committee has put it on their agenda. In the state budget, it was passed that the Commonwealth take initial steps to look at the costs and the implementation of primacy on the wastewater side.

Number two is: Show me the money! Pure and simple, next month the Executive Committee will receive the first draft of the Advisory Board's legislative priorities. The legislature runs in two-year cycles; beginning in January, staff will file legislation that will move forward over the next two years.

Debt Service Assistance will always be priority number one. Additionally, staff is always looking for new angles for funding. One of them will be the Bottle Bill. Two years ago, the MWRA was promised a piece of the Bottle Bill money. If it moves, staff will try to attach the MWRA to that revenue stream; however, it is small in comparison to what is needed.

Further, the Advisory Board's legislation for \$100 million for Economic Development is perfectly timed. Economic development is the argument and staff is using the fact that water is needed to grow economically. Staff makes the case that the \$100 million could be used to tie communities in to make connections into the MWRA system. If the state picks up the costs, it would allow the communities to develop jobs, which will then provide a revenue stream for the state.

Up to five years ago, the Commonwealth of Massachusetts provided reimbursements to communities and the Authority for chemical use. About five years ago, it was taken out of the budget. Every community that had a water or wastewater treatment plant was eligible to get those reimbursements. The Authority received up to \$800,000. Staff is trying to get the regulators on board by noting that the chemicals used in the system could be upgraded to be more "green" with the help of the state. This could result in \$1.2 to \$1.4 million for the Authority.

Number one is: It's the rates, stupid! Mr. Favaloro said the number one priority for the Advisory Board will always be how to manage rates. The Advisory Board's back and forth with the Authority resulted in a 3% overall rate increase for FY13 and the Long-Term Rate Management Committee discussions will help to manage rates through the decade.

Another important issue is the next five-year CIP cap for FY14-18, which is going to be set in this fiscal year. Staff stressed in its comments the need to reduce that amount of money. This topic will be front and center as part of the discussions for this fiscal year.

IV. Happenings on the Fourth Floor

Mr. Favaloro noted that there will be some significant changes occurring on the fourth floor. A consortium of hospitals (Beth Israel, Brigham and Women's and Mass. General) will be leasing the rest of the fourth floor to install simulated operating rooms where doctors from all over the world will come to learn new techniques in surgical skills.

Mr. Favaloro said he works hard to try to always have an advantage in negotiations; however, he said he no longer holds a trump card for future negotiations. The landlord doesn't need the Advisory Board. The Advisory Board still has three years on its lease, so a move is not imminent, but it may be coming. The next lease would be at market rate (the Advisory Board now pays \$8 per square foot below market rate). The Authority is now in the process of looking at its leases and needs and where they will be sending their staff as well. There may be a new configuration of this facility and the Advisory Board may be part of the Authority's floor plan.

Mr. DeAmicis said when the Advisory Board moved to this location, one of his concerns would be that staff would become too cozy with MWRA staff and lose some objectivity and the ability to push. Mr. Favaloro said that is a fair point; is it the space that will dictate the relationship or is it the individuals. This topic will be a good piece for discussion at the December meeting. Staff came here with some trepidation on how things would work but Mr. Favaloro said he thinks it has worked well. It has actually facilitated a lot of opportunity and discussion that before wasn't there. Mr. DeAmicis said it could work out better; there are pluses and minuses. Mr. Favaloro noted that \$45,000 would come out of the budget.

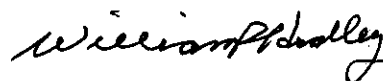
V. Approval of the Advisory Board Agenda for September 20, 2012

A motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE SEPTEMBER 20, 2012 MEETING**. It was seconded and passed by unanimous vote.

VI. Adjournment

A motion was made **TO ADJOURN THE MEETING AT 9:47 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,



William Hadley, Secretary