



**EXECUTIVE COMMITTEE MEETING
FRIDAY, OCTOBER 12, 2012
ADVISORY BOARD OFFICE**

MINUTES APPROVED AT THE NOVEMBER 9, 2012 MEETING

Present: John Sullivan, BOSTON; John Sanchez, BURLINGTON; Katherine Dunphy, MILTON; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Nick Rystrom, REVERE; Rob King, SOMERVILLE; John DeAmicis, STONEHAM; Carol Antonelli, WAKEFIELD; Zig Peret, WILBRAHAM.

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

I. Approval of the September 14, 2012 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:38 a.m. A motion was made **TO APPROVE THE SEPTEMBER 14, 2012 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

II. Action Item: Nomination/Election of Additional Member(s) to Serve on the FY13 Executive Committee

Chairman Dunphy stated that Revere designee Nicholas Rystrom has submitted his name as a candidate to join the Executive Committee. Mr. Rystrom, City Engineer for Revere, said that he hopes that he can add to the great work that this Committee has already done.

Hearing no further nominations from the floor, a motion was made **TO ADD NICHOLAS RYSTROM TO SERVE AS A MEMBER OF THE FY13 EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

MWRA Advisory Board Executive Director Joseph Favaloro also introduced new Executive Committee member Rob King. Mr. King, Director of Engineering in Somerville, said that he looks forward to working with everyone.

III. FY13/14 Legislative Package

Mr. Favaloro said the Advisory Board's Legislative Agenda drives a lot of what the Advisory Board attempts to do. There was a time when the MWRA was receiving \$55 million in Debt Service Assistance (DSA) and \$1 million in chemical reimbursements.

There was also a time when DEP or DEQE would provide monies to communities for pipelines, I/I and meters. Unfortunately those times have passed. Staff has developed its Legislative Agenda as a means to try to get the MWRA “back into the game.”

The legislative package this year consists of nine re-filed bills and three new initiatives. The first role for the legislative package is to provide critical financial resources. The second is to get the Commonwealth back as an active partner in meeting the state’s regulatory requirements. On one end, the state tells you what to do but they never give any resources to get the requirements done. The third is to undo the unfair obligations placed on ratepayers.

The most important item in the legislative agenda is to “show us the money.” In that regard, there are four re-files and three new initiatives. The re-files consist of two versions of the Bottle Bill that may generate up to \$20 million; a tax on bottled water that could generate \$60+ million per year to go into a fund for water related infrastructure; changing and putting into statutory law DSA so that it doesn’t have to be a hand-out every year – it would be just like the septic tax credit that would automatically appear in the budget on an annual basis.

Why do we need money? Through FY22, the MWRA has projected that an increase of 64% and \$377 million will be needed.

A new initiative being submitted would restore the chemical reimbursement line item. Up until 2008, there was a line item in local aid that provided reimbursements to entities like the MWRA for their use of chemicals in wastewater treatment plants. In 2009, it was removed from the budget. Staff has discussed this initiative with both House Majority Leader Ron Mariano and Senate Chair of Ways and Means Steve Brewer in the hopes of getting this line item inserted into the budget. This could result in a million dollars for the MWRA.

The second new initiative is \$100 million for economic development. The majority leader is interested in this concept; however, staff must make the direct tie to economic development. No one cares about water and sewer unless there is a problem. If we can make the direct tie between economic development and working infrastructure, it would help to gain support. Staff has also had discussions with the Collins Center, which is part of the McCormack School at U-Mass, to try to work with them on a study that could put a value on the state’s commitment. If the state will spend \$5 million to make that connection to Southfield, it will bring in “X” amount of dollars in sales tax and real estate tax. The study would generate those numbers to strengthen the argument and get the attention of the legislature. The majority leader has said he will assemble the caucus to have a discussion on ways to move this initiative forward.

The third initiative would be to get a share of the on-line sales tax for the MWRA. About a month ago, stories began to break that now that Amazon has a physical building in Cambridge, the state can now collect online taxes; 19 states as of today have worked out deals with Amazon and e-bay, etc. for sales tax. That number is worth \$339 million

to Massachusetts. Already Treasurer Grossman has said we now have a funding mechanism for transportation. If language comes forward to get online sales tax, even 10% of that number is \$34 million, as compared to the \$500,000 in DSA that the program currently receives. If you don't ask, you won't get it.

The last of the re-files are to ensure that the Commonwealth is an active partner in regulatory requirements. If you are partially supplied community, the Sustainable Water Management Initiative is going to be a huge issue because they are going to ratchet down on the Ipswich and some of the other basins and put a black line that you can never take any more than this amount and that will potentially strap economic development for a lot of other areas.

What are DEP's stormwater regulations going to ultimately look like? All of the re-files are geared toward getting DEP and the Commonwealth back into the game. The re-filed legislation focuses on the I/I Grant/Loan Program, water meters, and all of the things that the state used to do. Lead service replacements have been a big thing in many communities. If the state wants to make the requirements, they can at least pay their fair share of it.

Lastly, undo unfair obligations. Payments in Lieu of Taxes (PILOT) are made by the MWRA to communities in western and central Massachusetts that had their land taken to create the watersheds. It has gone from \$3 million to \$7+ million. About \$425,000 per year in duplicate payments are being made. In dollars it doesn't mean a lot, but over time, the MWRA has paid an additional \$6 million in duplicate payments to six communities. Not only do these communities get their PILOT, they also get an additional payment with the same criteria for the same thing.

A vote will be scheduled for November for Advisory Board approval so that the legislative package can be filed by January 18, 2013.

IV. Update: System Expansion

Mr. Favaloro said that he and Mr. Laskey have been to Tri-Town at least eight times and a decision on system expansion seems to be getting closer. In addition, House Majority Leader Ron Mariano joined them for a trip to Southfield to meet with the developers of that site; it was a very good meeting and staff is cautiously optimistic that Southfield will want to join the MWRA water system. If Tri-Town and Southfield were to join the system, it would be approximately 8.5 million gallons per day (MGD) and \$8.5 million per year at today's rates. There would also be an additional \$45 to \$50 million in entrance fees, which would be paid out over a longer period of time.

North Reading will be getting a piece of its water from the MWRA in the near future. Every gallon the MWRA sells will help the other communities.

V. Status: Forestry Program

Chairman Dunphy shared a copy of a letter that staff is proposing to send to the Secretary of Energy and Environmental Affairs. The background is that more than two years ago, the Department of Conservation and Recreation Commissioner, who is now the Secretary, put a moratorium on all forestry as part of the forest management program at Quabbin. There has been minimal cutting on a few projects that had been approved and those were allowed to continue but there have been no new projects. The forest is the filter that keeps the MWRA's water quality. There is currently no Forest Management Program in the watersheds.

Mr. Favaloro stated that this is a long-standing issue. A year ago Stephanie Cooper, the chief liaison with the forestry program from the Secretary's office and Kathy Baskin came to an Executive Committee meeting. At that meeting they said the Advisory Board was right and that they were close to getting the report done. A year has passed and we are still in the same spot.

Since the issue occurred with the moratorium, the Water Supply Protection Trust has met seven times. On each of those seven agendas there has been a discussion on where the forestry program is and the answer remains the same: we don't know.

The Secretary was confronted by our Board members in Executive Session over a year ago with the threat of not doing land acquisitions until there was a resolution on the forestry program. Needless to say, they have gotten land three times since, but there still isn't a forestry program.

Mr. Favaloro said that he and the Secretary had a one-on-one conversation to talk specifically about the forestry program about eight months ago. Ironically, they broke the forestry reports into two sections: one was parks and recreation land and the other was watershed land. The reason they broke it up was that watershed land was far more important and they didn't want it to get caught up in an elongated process to do the other part of the forestry program. Parks and recreation have had a plan in place and have been moving forward for the last three months. There is still no end in sight for the important one, which is the part that deals with watershed protection.

John Carroll asked if the proposal was just to send the letter to him. Mr. Favaloro said if it were signed today, it would be hand-delivered to him. Mr. Carroll suggested that either he, Andy or Joe could ask to have it placed on the agenda at the Board of Directors meeting next week. Mr. Favaloro said that is what he was hoping for. Mr. Carroll said we can get it on the agenda.

Mr. Favaloro noted that the attachments to the letter are straightforward. One talks about the direct ties between a forestry program, Judge Stearns' decision to avoid filtration, the Watershed Management Plan, and all of those pieces that were integral in getting a waiver of filtration.

The second attachment speaks to the loss of money for the Authority. Since the moratorium, the MWRA has lost over a million dollars in offsets to the watershed budget. These are monies that would have been received from the logging activities.

The third attachment contains press stories that came out of the June Science and Technical Advisory Committee meeting.

The Authority has also voiced its concern regarding the delay of the report and the lack of a forestry program back in place on watershed lands.

Chairman Dunphy said that the Secretary has a copy of the draft report and that has taken more than two years. Because this is a state committee, Chairman Dunphy said she believes this should be considered a public document. When the document is made available there will be public meetings and there will be opposition to this because there are some people that do not want to ever cut a tree on state land; however, they are cutting trees on other state land. This is part of the program that protects our water and protects us from having to build a filtration plant. The price for the plant back in 2000 was \$180 million. The money is less important than the long-term forest filter for the MWRA's clean water.

Chairman Dunphy noted that Secretary Sullivan is a member of the Water Supply Protection Trust and Kathy Baskin goes as his designee. I am sure she is taking back to him the fact that the Trust, which oversees the watershed activities, is predominantly in favor of getting this report and reactivating a forestry program. Mr. Favaloro added that the Trust sent a letter eighteen months ago asking the Secretary to deal with this issue.

Mr. Favaloro noted that the release of the report doesn't start a forestry program. The release of the report is going to start a public process for hearings and meetings that will likely take five to six months. The Authority has revised its anticipation of revenue from \$150,000 to zero because even with the best case scenario it will take at least six months.

Mr. Carroll said he would contact Mr. Laskey to ask that it be added to the Board agenda and he would also contact the Secretary to let him know that he would be receiving a letter and it will be on the agenda.

VI. Schedule of Executive Director Evaluation

The Executive Committee determined that the Executive Director's annual evaluation will be held at the November meeting.

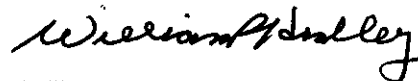
VII. Approval of the Advisory Board Agenda for October 18, 2012

A motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE OCTOBER 18, 2012 MEETING**. It was seconded and passed by unanimous vote.

VIII. Adjournment

A motion was made **TO ADJOURN THE MEETING AT 9:41 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

A handwritten signature in black ink that reads "William Hadley". The signature is written in a cursive style with a large, looping "W" and "H".

William Hadley, Secretary