

**MWRA ADVISORY BOARD MEETING  
MAY 16, 2002  
WILMINGTON TOWN HALL  
121 GLEN ROAD, WILMINGTON, MA**

**MINUTES APPROVED AT THE JUNE 20, 2002 MEETING**

Twenty-six members were present: Phil Farrington, ARLINGTON; Edward A. Maguire, ASHLAND; Guy Carbone, BELMONT; John Sullivan, BOSTON; Charles P. Barry, BROOKLINE; Ed Sullivan, CANTON; Andrew DeSantis, CHELSEA; Joseph MacKay, EVERETT; Albert Renzi, FRAMINGHAM; J. R. Greene, GUBERNATORIAL APPOINTEE; Ralph Pecora, LEXINGTON; Bruce Kenerson, LYNNFIELD; Richard Littlefield, MEDFORD; Peter Hersey, MELROSE; Katherine Haynes Dunphy, MILTON; Andrew Murphy, NORWOOD; Jay Fink, QUINCY; Ted McIntire, READING; Rod Granese, REVERE; Thom Donahue, SOMERVILLE; Jeanne Fleming, STOUGHTON; Silvio Baruzzi, SWAMPSCOTT; Richard Stinson, WAKEFIELD; Earl Forman, WESTON; Dan Annaccone, WEYMOUTH; Michael Woods, WILMINGTON.

Also present: Andrew Pappastergion, MWRA BOARD OF DIRECTORS; James Miller, STOUGHTON; Stephen Estes-Smargiassi and Kathy Soni, MWRA STAFF; Joe Favaloro, Cornelia Potter, Nathalie Grady and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

**AGENDA**

**A. WELCOME**

Chairman Katherine Haynes Dunphy called the meeting to order at 7:31 p.m. and introduced Advisory Board member Michael Woods, who welcomed everyone to Wilmington.

Ms. Dunphy thanked Andrew DeSantis for his time and effort through the years as Chairman of the Operations Committee, from which he has decided to step down. Jay Fink of Quincy has agreed to serve as Chair of the Operations Committee on an interim basis.

**B. REPORT OF THE EXECUTIVE DIRECTOR**

Joe Favaloro stated that the annual August field trip will center on the start up of the new Walnut Hill Water Treatment Plant.

A straw poll of Advisory Board members in attendance determined that members would prefer to hold Advisory Board meetings during the day time. For FY03, the Advisory Board will, therefore, switch to all day time meetings.

**C. COMMITTEE REPORTS**

**Executive Committee** - Katherine Haynes Dunphy

**❖ ACTION ITEM: APPLICATION BY STOUGHTON TO JOIN THE MWRA WATER SYSTEM**

Mr. Favaloro stated that the Executive Committee approved a motion with five conditions regarding the application of the Town of Stoughton to become a member of the MWRA Waterworks System.

A Motion was made **TO APPROVE STOUGHTON'S APPLICATION TO BECOME A MEMBER OF THE MWRA WATERWORK'S SYSTEM AS FOLLOWS: WHEREAS THE TOWN OF STOUGHTON MEETS THE**

**ADMISSION CRITERIA SET FORTH IN MWRA POLICY #: OP.10: 'ADMISSION OF NEW COMMUNITY TO WATERWORKS SYSTEM' INCLUDING, BUT NOT LIMITED TO, THE SAFE YIELD OF THE WATERSHED SYSTEM, ON THE ADVICE OF MDC, IS SUFFICIENT; THAT NO EXISTING OR POTENTIAL WATER SUPPLY SOURCE FOR THE COMMUNITY HAS BEEN ABANDONED; EFFECTIVE DEMAND MANAGEMENT MEASURES HAVE BEEN IMPLEMENTED; ADOPTION OF A WATER MANAGEMENT PLAN; AND, THE PROPOSED EXPANSION PROVIDES FOR NO NEGATIVE IMPACT ON THE INTERESTS OF THE CURRENT FORTY-SIX USER COMMUNITIES, WATER QUALITY, THE INTERESTS OF THE WATERSHED COMMUNITIES AND ACHIEVES ECONOMIC BENEFIT FOR EXISTING USER COMMUNITIES. SUBJECT TO THE FOLLOWING CONDITIONS: 1) STOUGHTON MUST CONTINUE TO PROTECT AND MAINTAIN ALL LOCAL SOURCES OF SUPPLY. 2) STOUGHTON WILL CONTINUE TO MAINTAIN ALL REASONABLE CONSERVATION MEASURES, ABIDE BY ALL APPLICABLE CONDITIONS AS STIPULATED WITHIN THE WATER RESOURCES COMMISSION APPROVAL OF THE APPLICATION AND ADOPT MWRA REGULATIONS FOR LEAK DETECTION. 3) THAT PAYMENT OF AN ENTRANCE FEE BE MADE TO THE MWRA IN THE AMOUNT OF APPROXIMATELY \$5.65 MILLION, TO BE PAID OVER 20 YEARS, AT AN INTEREST RATE EQUIVALENT TO THE AVERAGE COST OF MWRA DEBT AT THE TIME OF APPROVAL BY THE MWRA BOARD OF DIRECTORS. 4) THAT ANNUAL USAGE BE CAPPED AT 419.75 MILLION GALLONS (BASED UPON AN AVERAGE DAY DEMAND OF 1.15 MILLION GALLONS PER DAY). 5) THAT STOUGHTON AND THE MWRA DEVELOP AN ENFORCEABLE WATER SUPPLY AGREEMENT STIPULATING APPROPRIATE TERMS AND CONDITIONS OF SERVICE.** It was seconded and passed by unanimous vote.

❖ **ACTION ITEM: ADVISORY BOARD'S FY03 OPERATING BUDGET**

The Advisory Board's FY03 Operating Budget of \$464,766 is level funded, with a slight increase of just over \$1,000 (1%) from FY02 due to the interest market. **A Motion was made TO APPROVE THE MWRA ADVISORY BOARD'S FY03 OPERATING BUDGET.** It was seconded and passed by unanimous vote.

❖ **LEGISLATIVE UPDATE**

Mr. Favaloro stated that MWRA and the Advisory Board were successful in recovering \$55.5 million of debt service assistance in the House version of the state budget. Debate on the Senate side still remains. More than likely, \$55.5 million will be the number that the Governor sees in early July when she makes her determinations on the budget. Debt service assistance will most likely be back on the table for discussion for FY04.

The MDC Watershed Division (DWM) did not fair as well through the House budget process. Over the last two fiscal years the DWM has taken two significant hits. DWM was allotted \$9 million, of which \$500,000 pays for the operation of the Clinton Wastewater Treatment Plant, leaving a budget of approximately \$8.5 million. That same budget two years ago was a little over \$10.2 million. DWM will continue to experience some significant operational problems and its ability to provide the levels of protection to the watersheds could be effected. Ultimately, the Authority's waiver on filtration may be put in jeopardy. The Advisory Board's attempts to have the DWM moved over to the MWRA are more critical now than ever.

**Finance Committee** - Phil Farrington

❖ **ACTION ITEM: ADVISORY BOARD COMMENTS AND RECOMMENDATIONS ON THE AUTHORITY'S PROPOSED FY03 CURRENT EXPENSE BUDGET**

Staff was given a proposed budget with two alternatives from the Authority, of which one assumed full funding of the debt service assistance program that the Authority has received over the past number of years. The second was consistent with the budget proposed by the Governor's office in January, which cut back that program by \$20 million, resulting in a substantial 8.8% increase (as compared to the alternative assuming full funding of state debt service assistance).

In just the last week and one-half, the House introduced a budget proposal, which left the Authority closer to the earlier alternative of 3.5%, just \$4+ million short of the anticipated \$50+ million received.

The Advisory Board's reductions can be summarized as \$8 million from directs and nearly \$.25 million from increased non-rate revenue assumptions. With the Advisory Board recommendations, the Authority can go down to a 2.5% rate increase, for a total reduction of \$8.293 million.

The bulk of staff's recommendations (\$5 million out of \$8 million) are reductions in *Wages and Salaries*. The Authority was the beneficiary of the state's effort to find a less ominous way of reducing costs in the state budget through the Early Retirement Program. Staff made an assumption that 145 employees would participate in the program. Thus far, 53 people have left because they were part of the MDC Retirement System, whose participants left by the end of March. The rest of the employees eligible for the Authority's Retirement Program have until June 30 to declare their intent. Staff's assumptions of 145 people participating in the Early Retirement Program translates into a reduction of \$3.75 million.

"Vacancy" is a key part of staff's recommendations. With multi-year staffing goals outlined by the Black and Veatch Improvement Study, goals for FY03 will clearly be met by the Early Retirement Program. The following year's goals will be tougher to meet. Staff recommends that 16 positions should be held open for a savings of \$896,000. Additionally, there should be no expansion of the Intern Program and no increases for non-union salaries.

Recommendations were made for *Overtime* reductions for Deer Island, Field Operations and Engineering and Construction departments. Reductions in *Fringe Benefits* were also made, consistent with *Wages and Salaries* reductions.

Under *Chemicals*, the Authority has recently awarded a contract to reduce chemical use for odor and corrosion control in Framingham sewers, as well as use less expensive chemicals for a savings estimated at \$120,000.

*Utilities* are an important topic for the Authority. Staff focused on Deer Island where much of the electricity is used. Deer Island's electric contract will be up for grabs this coming year. The Authority should focus on a Comprehensive Energy Management Strategy.

Under *Professional Services*, the largest policy issue is outfall monitoring. The Authority's budget has gone from \$2.75 million two years ago to over \$4 million for FY03. Clearly the Authority has important responsibilities monitoring the outfall tunnel for the court, but staff believes that there are ways to meet these goals without spending as much. Staff urges the Authority to renegotiate these assumptions.

For vehicle purchases, the large drop in personnel, MWRA's goals to reconfigure the crew arrangement and the consolidation to Chelsea all combine to create a new set of assumptions that the Authority needs to review, including the use of domiciled vehicles.

No changes were recommended in the use of rate stabilization funds or capital finance, which are 60% of the Authority's budget. It is important to save the rate stabilization monies (over \$120 million) for future years' rate smoothing. Potential benefits of capital financing, which haven't been executed yet, need to be preserved for multi-year rate smoothing. Because there are so many points staff wanted to make on direct expenses, which are active management tools, staff made a series of pointed narrative recommendations regarding the capital budget.

A Motion was made **TO APPROVE THE ADVISORY BOARD COMMENTS AND RECOMMENDATIONS ON THE AUTHORITY'S PROPOSED FY03 CURRENT EXPENSE BUDGET**. It was seconded and passed by unanimous vote.

#### ❖ CIP UPDATE

In February, Advisory Board staff recommended \$14 million in specific modifications and targets on the

Authority's Capital Budget and that the Authority live within the spirit of the ten-year spending cap.

Staff focused on the Authority's increasing tendency to borrow from the ninth and tenth years of the cap allocations to support growth in the middle years. Even though MWRA has a cap in place, it is borrowing from the future to support the growth in the budget. The out years are not fully defined.

The Authority anticipates spending about 10% less than it budgeted for in the capital program this year. This will allow some carryover to be added to the final cap figure.

**Operations Committee**

**❖ UPDATE: SYSTEM EXPANSION**

Mr. Favaloro stated that the System Expansion Committee has developed a consensus. A presentation will be provided at the June Advisory Board meeting with the intent to vote at the September meeting.

On the wastewater side, the Committee recommends lifting the moratorium on communities, strengthens the language as relates to a 4:1 reduction of inflow for anyone requesting to tie into the MWRA system, and requires communities or entities seeking a connection to have a water and wastewater master plan.

For emergency connections on the water side, the policy creates a 10% surcharge for non-MWRA users and for years two through five, payment of a percentage of an entrance fee.

Additionally, for new entities wanting to join, the policy puts limits on the amount of water that will be provided.

**D. QUESTIONS AND COMMENTS**

**E. ADJOURNMENT**

**A MOTION WAS MADE TO ADJOURN THE MEETING AT 8:09 P.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary