

**MWRA ADVISORY BOARD MEETING
NOVEMBER 21, 2002
WILMINGTON TOWN HALL
121 GLEN ROAD, WILMINGTON, MA**

MINUTES APPROVED AT THE JANUARY 30, 2003 MEETING

Twenty members were present: Philip J. Farrington, ARLINGTON; Edward Maguire, ASHLAND; Ed Sullivan, CANTON; Bill Hadley, LEXINGTON; Bruce Kenerson, LYNNFIELD; Ed Bates, MAPC; Dana Snow, MARBLEHEAD; Gabe Federico, MEDFORD; Katherine Haynes Dunphy, MILTON; Lou Taverna, NEWTON; Jay Fink, QUINCY; Ted McIntire, READING; Rod Granese, REVERE; Joe Attubato, SAUGUS; David Savoy, WALTHAM; Earl Forman, WESTON; Al Renzi, WESTWOOD; Dan Annaccone, WEYMOUTH; Michael Woods, WILMINGTON; Elizabeth Cregger, WINCHESTER.

Also present: Joseph Foti, MWRA BOARD OF DIRECTORS; Ralph Pecora, LEXINGTON; Don Oulette, MEDFORD; Philip J. Randazzo, SAUGUS; Don McCabe, WALTHAM; Rob Antico, WILMINGTON; Maggie Debbie and Pamela Heidell, MWRA STAFF; Joe Favaloro, Ryan Ferrara, Cornelia Potter, Nathalie Dailida and Mary Ann McClellan, MWRA ADVISORY BOARD STAFF.

A. WELCOME

Chairman Katherine Haynes Dunphy called the meeting to order at 11:40 a.m. Ms. Dunphy stated that she was sorry to see two active participants retiring from the Advisory Board. Phil Farrington and David Savoy were presented with certificates of appreciation.

Mr. Farrington stated that he has enjoyed working with the members of the Advisory Board over the years, having joined the Advisory Board at its very beginning. Mr. Savoy expressed his thanks and introduced Don McCabe, who will serve as the Acting Superintendent for the City of Waltham.

Mr. Favaloro noted that with Phil and David taking early retirement, they join Stanley Stanzin and Peter Hersey, leaving several slots available to serve on the Executive Committee. For the remainder of this fiscal year, Al Renzi will assume the Finance Chair.

B. APPROVAL OF THE MINUTES FROM OCTOBER 17, 2002

A Motion was made **TO APPROVE THE MINUTES FROM THE OCTOBER 17, 2002 ADVISORY BOARD MEETING.** It was seconded and passed by unanimous vote.

C. REPORT OF THE EXECUTIVE DIRECTOR

Joseph Favaloro, MWRA Advisory Board Executive Director, stated that the *Annual Water and Sewer Retail Rate Survey*, which will be completed in the next two to three weeks, provides the first look at the impacts of the loss of a portion of debt service assistance. In 2002, retail rates

increased 6.1% in MWRA communities, representing the largest local retail rate increase since 1993, the last year before debt service assistance was implemented. From 1994 on, rate increases were between 2% to 5%. Last year's increase was 3.7%.

At the last Board of Directors meeting, the Board adopted the System Expansion Committee's recommendations that were approved by the Advisory Board last month. MWRA and Advisory Board staffs worked together to develop a clarification on an ambiguous segment related to single-family applicants who were being charged \$8,000 to enter the system, using DEP costs for replacement of a septic system. The issue was that a small business or commercial entity used a standard of "fair share of the cost" based on flow. Businesses would be paying less than \$2,000 to come into the system. To be fair, language was created to repair that discrepancy, citing allocated costs of the system or the household charge, whichever is greater.

Members of the MWRA Board of Directors directed Fred Laskey to enter into discussions with the Dedham-Westwood Water District to determine its needs and discuss its intentions in regards to joining the MWRA water system.

Wilmington shut down a well due to contamination and got an emergency connection to the MWRA system because of a hazardous plume heading toward its well fields. Last month Wilmington received MWRA water through Woburn on a 30-day emergency basis.

Reading's proposed application is in the Environmental Impact Review process and could be before the Advisory Board this fiscal year or early next fiscal year for a vote.

D. PRESENTATION: DISPOSITION PROCESS/PROPOSALS FOR 12 ACRES OF THE FORE RIVER SHIPYARD – Maggie Debbie, Director – Real Property/Environmental Management

Maggie Debbie, MWRA Director – Real Property/Environmental Management, gave a presentation on the MWRA's plans to sell a piece of the Fore River Shipyard. The Authority purchased the shipyard (180 acres) in 1987. In 1997, staging for the Boston Harbor Project was completed, allowing the Authority to sell 130 acres of the property to Massachusetts Heavy Industries and retain ownership of the remaining 50 acres.

Currently, there are three parcels, one that MWRA uses for a plant and maintenance facility and the Braintree-Weymouth project; the second is for sale and the third parcel is leased to a museum and a commuter service.

There has been a lot of interest in the waterfront parcel, which contains old buildings and a railroad running through it. It is a small industrial park with about 7.5 acres of land, 4.5 acres on the water. In April, the Board gave its approval to advertise the properties. According to the Enabling Act, real estate is divided into two categories: land inherited from MDC must be given back to the Division of Capital Asset Management (DCAM) and land MWRA bought can be sold with legislative approval.

In September six proposals from seven entities were received detailing the requested criteria that the proposers have the funds to buy the parcel and requiring an appropriate use of the site. Mayor Phelan of Quincy sponsored a panel discussion for residents to know about the potential sale. The panel included state representatives, Braintree selectmen, the city planner and the fire chief.

Proposals received: 1) Boston Development Group of Newton for office and warehouse uses. 2) Eastern Salt Company is looking for a southern location to bring in and store salt for the south shore area. 3) Northern Materials Group, which wants to buy the site and bring in New England Steel Tank Company to build steel tanks and structures. 4) Acorn Management in Quincy wants to convert an old cruise ship into a “Flotel” (floating hotel). 5) Contractor Jay Cashman, Inc. is looking for a south shore, waterfront location for his marine construction business. 6) Blue Fin Robotics, a small start-up company from Cambridge that makes Automated Underwater Vessels to seek mines in the harbor for the Navy (using 3,000 square feet), and Shawmut Crane and Rigging, a high tech/low tech mix, as a joint venture.

In October, the Quincy Shipyard Redevelopment Committee, consisting of city counselors and state representatives from Quincy and Braintree, invited representatives from the companies above to meet with members of the community. Proposals are due November 22 and the Board of Directors is scheduled to meet on December 11 to discuss the pending sale. MWRA is seeking the highest price with no negative impact to Quincy or to MWRA, which will still be a neighbor. Completion of the sale cannot take place without legislative approval.

Cornelia Potter asked if each applicant has to demonstrate compliance with Coastal Zone Management (CZM) regulations. Ms. Debbie stated that the waterfront is considered a designated port area (DPA) and must follow CZM regulations. DPAs must be retained as industrial waterfronts. The waterfront area is the only part of the property that CZM can enforce and require dependable uses for. For example, CZM would not let a marina be located at this site. It does allow license uses for 10-20 years under water area restrictions.

Earl Forman asked if there is a minimum acceptable price. Ms. Debbie stated that MWRA has not publicly issued a price and has the right to reject any offer.

Ed Bates asked if Quincy’s interest is only in an advisory capacity. Mr. Favaloro stated that the City could weigh in via the legislators’ votes. Ms. Debbie also noted that people could offer input to Jay MacRitchie on the Board of Directors as well.

Mr. Fink asked if MWRA intends to hold onto the lease property and when does the lease expire? Ms. Debbie responded that it is not in MWRA’s interest to hang onto the real estate. The Board has expressed its desire to sell surplus property. The lease is in place until June.

Ed Sullivan asked why legislative approval is required to sell properties that MWRA has purchased. Ms. Debbie stated that the Enabling Act stipulates that the Legislature has to give its approval.

Ms. Potter asked why MWRA wouldn’t wait six months and have a larger piece of property to advertise since the lease expires in June? Ms. Debbie stated that the uses are very different. One area is on the street front on Route 3A (Washington Street) and the other is waterfront.

E. COMMITTEE REPORTS

Finance Committee – Albert Renzi, Jr.

❖ ACTION ITEM: ADVISORY BOARD COMMENTS AND RECOMMENDATIONS TO THE MWRA’S PROPOSED AMENDMENT TO THE FY03 CEB

Ms. Potter stated that a few weeks ago, the Authority submitted to the Advisory Board an

amendment to make up for a shortfall in state debt service assistance. The Authority had assumed receipt of \$47 million in assistance at the time of the Board of Directors vote in June. When the state budget was finalized over the summer, the sum of funds expected shrank by \$14.3 million.

To make up the shortfall, the Authority considered a series of reductions, alternative sources of revenue and the possibility of a rate increase. In August, the Board decided to direct staff to develop an amendment without an additional rate increase this year. Together with the previous reduction of \$4.5 million of debt service assistance, the Authority has already reached a shortfall of nearly \$19 million in this year's budget. Debt service assistance has been a key component in stabilizing rate increases to just about the rate of inflation over the past ten years. Now with the larger economic picture looking dark for FY04, the Authority is likely to face a difficult situation in the year ahead.

The proposed amendment uses a combination of nearly \$8.7 million in spending reductions and \$5.6 million in other sources of revenue for a total of \$14.3 million. Through the Early Retirement Program and attrition, the Authority has decreased 370 filled positions over the last five years. It also has the tightest direct expense budget in the last five years because major contracts such as for electricity, sludge processing and certain chemicals, have been renegotiated and costs measurably reduced. Debt service is the largest component of the Authority's budget (60%) and continues to rise dramatically as the decade progresses, from nearly \$300 million in this year's budget to almost \$500 million ten years from now as the capital program continues to push forward with ongoing and new projects.

The Advisory Board concurs with the Authority's proposed package of spending reductions and revenue increases. The remainder of the comments focus on what the Authority needs to do to get through this year, as well as preparation for the FY04 budget. Authority division staffs are holding meetings now to consider submittals from each department.

With the change of Administrations, the new Governor has until late February to submit a budget. Staff recommends that the Authority delay its proposed FY04 Current Expense Budget submittal for Advisory Board review by a month.

Although the Authority's staffing levels have come down, it still has not met the functional area goals established by the Black and Veatch Study. Priority should be given to reaching those goals. Intern and Temporary Contract Employee line items should be reviewed. Additionally, with so many employees retired, office space should be consolidated.

Workers' compensation spending was well over budget due to a variety of reasons, which MWRA staff is currently investigating.

For the past few years, Advisory Board staff has recommended that the Authority develop a Comprehensive Energy Management Strategy and accelerate energy efficiency projects.

The Outfall Monitoring Program is a particular concern because spending has increased from \$2.5 million to more than \$4 million over a two-year period. There are a number of opportunities to scale back or redefine the scope of the Outfall Monitoring Program.

The Advisory Board comments also focus on the Authority's need to review capital spending, which is clearly connected to the cap and master planning discussions. The Authority needs to set priorities and discuss options for reducing new borrowings.

For existing debt, as the Authority reaches the ten-year mark for bond issues, it has multiple opportunities to refinance and has conducted two major transactions recently.

Further, staff recommends that the Authority work toward shifting the management of the MDC Division of Watershed Management (DWM) to the Authority.

A Motion was made TO APPROVE THE ADVISORY BOARD'S COMMENTS AND RECOMMENDATIONS TO THE MWRA'S PROPOSED AMENDMENT TO THE FY03 CEB. It was seconded and passed by unanimous vote.

❖ **UPDATE: CIP CAP COMMITTEE**

Mr. Favaloro stated that the Capital Improvement Program (CIP) Cap Committee has met twice. The dispute between the Advisory Board and the Authority is the interpretation of the cap. At the last meeting, Authority staff provided members with a list of its projects. Between now and the end of the decade, the Authority is spending nearly \$300 million more than it said it would spend two years ago. The Authority is allocating funds for FY11 to FY13 and moving them forward in the decade. In conjunction with the Executive Committee and Advisory Board, staff is working to come up with ways to reduce capital costs.

Rod Granese asked, "Why hasn't MWRA sued the state or some of the agencies that are mandating these changes when the state is cutting back subsidies that were supposed to compensate for some of this spending?" Mr. Favaloro stated that the Authority is under consent decrees with both federal (EPA) and state (DEP) agencies. The Authority is revisiting the CSO projects, which hopefully will result in MWRA's discussing with DEP/EPA alternatives to give some relief to the capital budget. However, it is not just court ordered projects, it is water/wastewater projects that are part of overall spending.

Executive Committee – Katherine Haynes Dunphy

❖ **ACTION ITEM: FY03/FY04 LEGISLATIVE AGENDA**

Last month we discussed a small but important legislative strategy for the upcoming session. The goal this year was to focus less on additional funding because it isn't available and concentrate more on a small package of requests. At the last MWRA Board of Directors meeting, the Advisory Board was successful in committing the Board, by a vote of 8 to 1, to support language to transfer the DWM to the MWRA as a joint piece of legislation.

The Legislative Caucus will meet Tuesday after next to hold its annual bill signing. All legislative initiatives need to be filed by December 4.

A Motion was made **TO APPROVE THE FY03/FY04 LEGISLATIVE AGENDA.** It was seconded and passed by unanimous vote.

Operations Committee – Jay Fink

❖ **STATUS: WASTEWATER METER REPLACEMENT COMMITTEE**

Jay Fink stated that the next Operations Committee Agenda includes the Wastewater Meter

Replacement project and stressed the importance of community participation as a means to “dictate our destiny” in regard to flows and sewer assessments.

The MWRA has drafted Requests for Proposals (RFP) for this project. Community input in the criteria for these RFPs is vital. What a community thinks is the most important criteria may differ from what the MWRA thinks is important. Mr. Fink urged communities to come forward and participate in the implementation of the metering program.

F. QUESTIONS AND COMMENTS

G. ADJOURNMENT

A MOTION WAS MADE TO ADJOURN THE MEETING AT 12:51 P.M. It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary