

**EXECUTIVE COMMITTEE MEETING**  
**FRIDAY, NOVEMBER 13, 2009**  
**ADVISORY BOARD OFFICE**  
**Minutes Approved at the January 15, 2010 Meeting**

Present: John Sullivan, BOSTON; Ed Sullivan, CANTON; Jay Fink, LYNN; Katherine Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; Bernie Cooper, NORWOOD; Brian Carlisle, QUINCY; Zig Peret, WILBRAHAM.

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

**I. Approval of the October 9, 2009 Minutes of the Executive Committee**

Chairman Katherine Haynes Dunphy called the meeting to order at 8:36 a.m. A Motion was made **TO APPROVE THE OCTOBER 9, 2009 MINUTES OF THE EXECUTIVE COMMITTEE**. It was seconded and passed by unanimous vote.

**II. Legislative Update**

MWRA Advisory Board Executive Director Joseph Favaloro stated that staff testified at the "Bottle Bill" hearing at the State House, which remains before the Joint Committee on Telecommunications, Utilities and Energy. Further, Debt Service Assistance (DSA) has officially been eliminated through the Governor's 9C powers. Earlier this fiscal year, the state had already zeroed out more than \$900,000 in chemical reimbursements that the Authority and others had routinely received in past State Budgets. Most recently, as part of the latest cuts, the state removed \$500,000 for the Clinton Wastewater Treatment Plant reimbursement.

Through the remainder of this fiscal year and next fiscal year, DSA will not be coming back. As DSA begins to come back, there may be an opportunity to get the chemicals reimbursement as well. As for Clinton, if the Commonwealth doesn't reimburse the Authority, Clinton will have to pay the \$500,000<sup>1</sup>. Many years ago, the Authority filed suit to get Clinton to pay and the courts ruled in the Authority's favor; however, the state came up with nine years in back payments and the Authority essentially withdrew the decision, which, in retrospect, was a misstep. The Authority may have to go back to court; however, if it won once, those same arguments should hold true.

Additionally, Steve Remsberg, MWRA General Counsel, has said he believes the Authority could do a local aid intercept to recover the \$500,000 for Clinton. In these tough economic times, the Authority has to do what it takes to ensure that the service area cities and towns don't have to make up that \$500,000.

**III. Action Item: Nomination for Executive Committee**

Chairman Dunphy stated that John DeAmicis of Stoneham has put forth his name for consideration to join the Executive Committee. Mr. DeAmicis said that he is a member of the Finance and Advisory

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<sup>1</sup> Stating that the Governor had overstepped his 9C powers in vetoing the \$500,000 payment to the Authority for the Clinton Wastewater Treatment Plant, the Legislature has since restored these funds.

Board in Stoneham and has been the designee to the Advisory Board for about six months and that he is interested in doing more for the Advisory Board.

A Motion was made **TO NOMINATE JOHN DEAMICIS OF STONEHAM TO SERVE AS A MEMBER OF THE MWRA ADVISORY BOARD'S EXECUTIVE COMMITTEE FOR FY10.** It was seconded and passed by unanimous vote.

#### **IV. Achieving a \$0 Rate Revenue Requirement Increase for FY11**

Mr. Favaloro said last month we introduced the topic of recommending a \$0 rate revenue requirement increase for FY11. The Executive Committee suggested that staff put together a letter to be sent to the MWRA and the Board of Directors, which was transmitted to them at the Board meeting last month. Advisory Board staff is now putting together "one" scenario, with emphasis being that this is one pathway, utilizing the tools identified as part of the previous year's budget review process that would get the Authority to zero for FY11 and limit the impacts for FY12. This was a significant effort by Matt Romero and Cornelia Potter to get to this point.

Senior Finance and Policy Analyst Matt Romero stated that the starting point were the numbers from the final FY10 MWRA budget. In the MWRA's current projections, the Authority is showing a 6.41% increase in FY11 and FY12. Using these tools, the Advisory Board's goal was to get to a \$0 rate increase for FY11; additionally, this scenario would reduce the increase for FY12 down to 4.99%.

The first tool staff looked at was the prior year's surplus. From FY09, there was a \$10 million surplus that was used to defease debt to benefit FY10. The Authority paid for that debt ahead of time in FY09 to benefit FY10 and FY11. Staff is projecting that the Authority will have a \$19.4 million surplus in FY10 that could be used to defease debt in FY11 and FY12.

FY12 assumes lower spending on direct expenses in FY11. MWRA typically manages its whole budget to about 2% under-spending. Advisory Board staff took 2% off of Direct Expenses in FY11 resulting in about \$4.3 million that could be used to help defease debt in FY12. The aim would be to defease debt in both FY11 and FY12 to benefit those two years.

The Authority has been funding its pension liability in accordance with an actuarial study. Because of the horrible returns in this struggling economy, MWRA decided not only to fund the amount from the actuarial study but also to put an additional \$2.8 million in to help offset some of those losses. The Advisory Board's argument is if there is such a challenge in FY11, the Authority shouldn't be throwing more money into the pension above and beyond the actuarial contribution at this point; that is \$2.8 million that could be used in FY11 to help lower the rate increase for cities and towns. The Advisory Board's recommendation is to fund the current year's liability plus a nominal amount over that. The Authority is currently at 74% of funding.

Further, pension reform is coming down the line; what if that remaining 74% jumps up to 80% or 90%? If people have to work until they are 70 or 72, all of a sudden that liability completely changes. Staff's argument is to wait until the smoke clears before throwing money at the pension fund. Pay the actual current costs that are accruing but don't hold to an actuarial study that will be rooted in false premises before too long.

Another thing to consider is shifting the schedule to match the Commonwealth. State Administration and Finance (A&F) is saying it cannot get to full funding by 2030 and is considering pushing the date to 2040.

The Authority is currently on a schedule to fund its liability by 2024 and hasn't even taken advantage of spreading it out until 2030. If the Commonwealth pushes the date out to 2040, Advisory Board staff would argue that it provides relief in the near years where there is a problem and also would lower that pension cost. Wait until pension reform is in, then see if the schedule can be shifted out.

In FY10, staff recommended \$800,000 for Other Post-Employment Benefits (OPEB) as a fringe benefits trade off. Last year when the MWRA built its budget, they were unsure that the changes in employee contributions for fringe benefits were going to come through for this fiscal year. If they did come through, it was going to be a reduction of \$800,000, which is what they put into their fringe benefits line item. If it didn't come through, they needed to make sure they had the money so they put \$800,000 into GASB and said if it didn't come through it would be transferred out of GASB into fringe benefits to cover the costs. It came through so staff is saying that FY10 has \$800,000 that can be used to help FY11.

John DeAmicis asked if the MWRA is funding GASB 45. Mr. Romero said MWRA is funding GASB 45 in its projections. This has been one of the Advisory Board's hot button issues for some time. Staff does not disagree that this is a real number that will come down the line; however, no other entities are funding it, especially in these financial times. No one can afford to fund \$10.2 million one year and \$10.9 million another year; to staff, that is a low-hanging fruit. The Authority's own financial advisor recommends that it should not be funding it at this time.

Debt service comprises the largest expense for the MWRA and variable rate debt is a large component of debt service. In FY10, MWRA has a 3.5% interest rate assumption. In FY11 and FY12, they have a 4% interest rate placeholder. Current rates are hovering at about 1%. Through October 2009, MWRA is \$5.7 million under in its variable rate debt expenses so the reductions that staff has proposed point out that 150 basis points could be taken for FY10 resulting in \$8.4 million; in FY11 and FY12, taking 100 basis points off would result in \$5.6 million in each of those years.

Similar to the variable rate debt is the Local Pipeline Assistance Program (LPAP). The same basic principle applies. If the interest rates are low for variable rate debt, the interest rates will also be low for the Commercial Paper the Authority uses for the LPAP. So we assume more beneficial rates for FY10 through FY12.

Cash for capital is the current revenue that the Authority uses to fund capital expenses. The MWRA's coverage calculation requires it to fund so much; the Advisory Board's point has been that MWRA has consistently over-funded this line item in previous years. Authority staff views the vote of the Board of Directors to be a directive to spend that money. The Advisory Board's argument is that staff should find the right number, which is usually less than budgeted, and change those contributions and don't actually fund it at the full level; that could reduce this expense, by staff's estimates, \$1.5 million in each of those years.

In FY10 the Advisory Board is projecting a 2% under-spending assumption in Direct Expenses, based on historical knowledge. Through October 2009, Direct Expenses are \$3.8 million under. MWRA has some maintenance projects that have not yet begun but staff still believes they will be under the total Direct Expense budgeted amount because there will be a significant amount of savings in Wages and Salaries and the corresponding fringe benefits because their target for staffing was 1,216 by the end of the year and they have reached that goal by the end of the first quarter.

The MWRA has assumed a 4% inflation rate in all the outyears of their planning projections. Advisory Board staff has lowered that to 1.7% in FY11. (The Authority directed staff to build their budgets around a 1.7% inflation rate, so that number did come from the Authority.) In FY12, Advisory Board staff lowered the inflation rate from 4% to 2.5%, projecting that it won't be 4% but not quite as beneficial as 1.7%.

Staff accounted for some negative impacts, including the loss of Debt Service Assistance (DSA), which likely won't be coming back for some time. The Authority usually inserts the current year's DSA amount into its budgets and its planning projections; staff zeroed it out. Further, staff lowered the investment income line item as well.

Staff did not remove the money for Clinton largely because it is not a dead issue and the Authority has recourse to collect that money.

Staff was able to get to a zero dollar rate increase for FY11 while still maintaining a projected 4.99% rate increase for FY12, keeping the FY12 rate revenue requirement under \$600 million. The original projections for FY12 were \$635.7 million. Not only did staff keep the percentages low, but total dollar value-wise staff was able to keep a lot of money in the communities rather than in the MWRA coffers for a later day.

Under this scenario, the rate revenue requirement remains under \$600 million through FY12; the new FY12 rate revenue requirement is almost \$7 million less than the original projections for FY11. The rate revenue increase is less than 5% over the next two years, including the 0% increase for FY11.

Staff wants to underscore that this is only one possible scenario. MWRA staff can be more aggressive on variable rate debt or less aggressive; they can take more out of the pensions and just fund the current liability. There are a lot of different pathways. Advisory Board staff will also outline other future tools that could possibly be used such as the release of the Lehman funds. MWRA currently has \$2.1 million in an escrow account because it wants to ensure that the funds in fact are MWRA's to use and that they don't belong to Lehman or whoever is taking care of their bankruptcy. That \$2.1 million, when it is released, could be used to benefit future years.

The LPAP has a \$2.5 million assumption but it has been anywhere from \$1 million to \$3 million under-spent in each of the last three years; even if this line item were reduced by \$2.5 million, it still might see a surplus at the end of the year based on how interest rates end up trending. Mr. Favaloro added that staff is not reducing the LPAP but rather reducing the assumption of interest to be paid on those funds.

Mr. Romero said staff could be directed to adjust cash for capital to meet the coverage requirement. Don't just throw the dollar value that was voted at that number; that could save money that could be used toward the next few years.

Small interest rate adjustments for variable rate debt could provide a \$14.4 million surplus in that line item if interest rates continue to hover in the 1% range for the remainder of this fiscal year. (Every 25 basis points is equal to \$1.4 million.)

Selling one million gallons per day (mgd) more water would provide a \$5 million one-time entrance fee, which could be beneficial in helping out the near years. As an example, the Governor was recently in

Washington DC working to remove the last barrier to make the SouthField development (the former Weymouth Naval Base) possible.

For DSA, staff assumes zero but it can't go anywhere but up from this point. Perhaps in FY12 staff could manage to get a few hundred thousand dollars placed back in the budget. Mr. Favaloro said DSA had been at \$60 million at one point and was totally lost; however, MWRA got back to \$25 million. There may be some opportunity there at some time.

Authority staff has said they don't see any current opportunities for restructuring or refunding debt service; however, depending on how the landscape changes, they are always ready to take advantage of any restructuring or refunding opportunities. One thing that might be a possibility is the Harbor Electric Energy Company cable that runs out to Deer Island. There might be possible opportunities to restructure that arrangement that could yield some significant savings.

A release of \$138 million in additional reserves is estimated to be available in FY14 because of changes to the bond covenants. MWRA is still paying a mountain of debt service that is not expected to crest until FY22. At least by FY14, there will be \$138 million to be used to help benefit the rate revenue requirement in those outyears. The future releases of reserves of \$138 million are not accounted for in the Authority's planning projections in the outyears.

Another thing Advisory Board staff didn't take into account was revision of the operating reserve requirements. Based on the amount one line item is raised and another lowered, it will affect the operating reserve requirement, which is one-sixth of all of those expenses that need to be covered by that reserve. Staff is doing a broad level look at everything – Direct Expenses and Indirect Expenses – and for whatever the MWRA does or does not decide to budget, the operating reserve amount could correspondingly be lowered as well.

In addressing potential Authority concerns, Advisory Board staff has posed some counter-arguments. The Authority says by FY12 all of its reserves will be exhausted. Currently their projections assume no surplus in future years; they have had an average surplus of greater than \$20 million over the last three years. In fact, in the budget amendment year, they still managed to have a surplus. MWRA spent \$13.34 million less than they had originally appropriated. If they were able to do that in a budget amendment year, staff assumes there will be surplus in the coming years.

MWRA has an obligation to fund Other Post-Employment Benefits (OPEB); however, no one else, except for the Town of Wellesley, is funding OPEB at this time in the State of Massachusetts to the Advisory Board staff's knowledge. MWRA's own financial advisor says "we believe it would not be prudent at this time to make any meaningful deposit toward its OPEB liability during this stressed time." It can't be clearer than that.

Pension reform will change the liability dramatically; that number is going to completely shift. The actuarial study is based on a premise that will not exist moving forward therefore the Authority should not put a lot of money into that line item until it has updated information. Further, the Authority should push the schedule out to whatever the Commonwealth allows.

Even with the Lehman Brothers spike, the Authority had a \$12.5 million surplus in variable rate debt expenses in FY09. The Authority budgets conservatively so it typically manages to have a surplus. Staff's argument is that the MWRA does not have to budget quite so conservatively. When the market

fell out from under them, they still managed to have surpluses in this line item. The Fed projects rates will remain at a low level for “an extended period of time.” Staff believes this fiscal year the MWRA may see close to a \$14.4 million surplus in that line item.

Authority staff believe there is a risk to the Authority’s bond rating if it doesn’t raise rates appropriately and if it uses all of its reserves on its current schedule. The Authority has kept rate increases lower than projected in the past and that includes 0% at one point in FY95 so it is not out of the realm of possibility to keep the FY11 rate revenue requirement level-funded. Advisory Board staff’s counterargument is to ask what the impact on the bond rating would be if the communities are faced with default and can’t pay their assessments.

Water consumption has continued to decline over time and that is having an impact on retail rates. Preliminary responses for the water and sewer retail rate survey have shown that the number jumps significantly. In 2008, 40% of communities that responded said they were going to be facing shortfalls because of lower consumption; it jumped to 60% this year. Staff has seen a surprising increase in the number of delinquencies in the retail rate survey responses as well. MWRA can maintain a \$0 increase for FY11 and give a little relief to the ratepayers.

Ms. Potter said variable rate debt is a little over 25% of all debt service and the harbor cable refunding would result in savings of hundreds of thousands of dollars, not millions.

Mr. Favaloro said this was staff’s first extensive look through the FY11 budget; many of the things put forward are low to medium hanging fruit. The real point is this scenario provides a pathway that gets the MWRA to \$0 for FY11 and lowers estimates for FY12. There are other tools out there. This scenario doesn’t impact maintenance and does not include one day of furlough or one layoff. The words behind our recommendations are essentially no COLAs, which is not unrealistic in this kind of economic environment. Again, this is not the only way to get there.

Zig Peret said when MWRA was overly conservative in the past, what happened to those funds? Mr. Favaloro said it goes into reserves and becomes defeasance money and rate stabilization funds for the upcoming fiscal years. The Authority’s planning projections show that the rate stabilization funds will be used up by FY12 or FY13.

Wiff Peterson said labor contracts are up this year and there will be negotiations. Does the Advisory Board avoid commenting on staffing levels or on elements of the labor contract? Mr. Favaloro said realistically staff wants to impact the areas with the most opportunity to influence. Percentages of employee contributions for health insurance and pension contributions are set by entities outside of the MWRA. To make a case in a discussion as relates to COLAs and things of that nature, the Advisory Board does and will continue to comment to influence the overall Wages and Salaries line item.

Mr. Peterson said when there are tough times like this whether you’re a public or private organization, the stress of that time forces the organization to look for productivity improvements; if the MWRA is insulated from that then they won’t find those productivity improvements. Looking at their overall staff, for example, they have a lot of support people who are not involved in directly maintaining or operating the system; there are probably additional improvements that can be made in staff reductions. Where is the pressure to generate further improvements and further reductions if it isn’t going to come from the Advisory Board?

Jay Fink said we have been studying staffing levels for the last five to eight years with the Authority. A study was done about seven years ago and MWRA has not only met the expectations of that study but has gone below the staffing levels suggested to the point that now one of the Advisory Board's concerns is that staffing levels will go down so low that the MWRA won't be able to keep up with the maintenance that is required to upkeep the facilities. This committee was instrumental and has continually driven that look.

Mr. Favaloro said action by this Committee has already begun to pay preliminary dividends; in what was largely deemed an unpopular thing to do, the Advisory Board stood up at the Board of Directors meeting last May and said they should immediately renegotiate with the unions and get back their COLAs for FY10. Mr. Favaloro said he believes that made it easier for the Authority to assume zero for COLAs across the board for FY11.

Mr. Peterson said you raise the issue and fear about maintenance. Probably 15% to 20% of their 1,200 people are involved in maintenance. It is a relatively small percentage of staff that actually gets hands on involvement in implementing and executing maintenance activities. Mr. Peterson said he didn't think there would be a significant risk in focusing on staffing if it is done in the proper way.

Andrew Pappastergion asked Mr. Peterson what he was citing from to provide the statement that only 20% of the employees are tied to maintenance. Mr. Peterson said it was based on his general understanding on how the MWRA appoints its staff in its field systems and pump stations. A careful analysis of how many people are in the maintenance function might find it is a relatively small percentage. Mr. Pappastergion disagreed.

Chairman Dunphy said if you consider the supervisors and the people who are preparing kits for the people in the field, it is probably more than 20%.

John Carroll said the one thing missing from Matt's presentation is wage increases. The Advisory Board's presentation to the Board of Directors should say that this presentation assumes that there will be no cost of living increases. It should be mentioned that the Board of Directors should be looking for some productivity increases in negotiations.

Chairman Dunphy said nobody really wants to touch somebody's livelihood but it would be better to have lower increases during these difficult times than to layoff a whole bunch of people and then really impact the necessary services that MWRA provides. That is the real risk if we let people that we need go in order to keep the budget down.

Mr. Favaloro said the Advisory Board's Board members need to push Authority staff to come up with scenarios to get to zero. Authority staff is still putting its budget together and does not seem ready to have a discussion.

Mr. Carroll said the Advisory Board needs to be pro-active and tell the Board this is what we think, there are a lot of options and this is one way to do it. Mr. Favaloro said "I relish going back and forth with the Authority over the zero scenarios; however, I don't want to be out there all by ourselves." If the other Board members are not enlightened, the Advisory Board may get blown up before the process is started.

Mr. Carroll said suggested issuing a press release the day after the presentation to the Board that says the "MWRA Advisory Board urges the Authority to do a \$0 increase for FY11" and that will push

everybody into thinking about a \$0 increase. Mr. Favaloro said he didn't think a battle would be needed. Staff needs to work closely with the Authority. If we go to the Board next Wednesday and MWRA says they are not ready and then on Thursday put out a press release saying they can get to a zero, it could shatter the relationship not only for this year but for the oncoming three or four years.

Mr. Pappastergion said the letter is going to be introduced on Wednesday and the Advisory Board's three Board members can comment on that. By the December meeting, it would be time to push John's scenario. Mr. Pappastergion said everyone is in agreement.

John Sullivan said on the COLAs, you are saying 0% increases; these are generally three-year agreements that they may be negotiating. Do you have comments on the outer years? Mr. Favaloro said no, just to hold for one year.

Mr. Favaloro said all of the Authority's union contracts are up in the same fiscal year. To push a zero, MWRA is in a better position to do it this year than if they were half way through one contract and a third of the way through another.

Mr. Foti asked if there has been a response from Fred Laskey yet. Mr. Favaloro said he and Mr. Laskey have had a few discussions. Mr. Foti said his feeling is that the Advisory Board gave the MWRA's Executive Director a suggestion and it is his responsibility to reply, not only verbally, but in writing to say why they can or cannot. Mr. Favaloro said that is what is on the Board for Wednesday.

Chairman Dunphy said the Advisory Board needs to push on this because if the MWRA hasn't put together its budget yet, now is the time to get it to start putting these pieces into the budget. The Advisory Board sent a letter asking to meet with Fred Laskey and Secretary Bowles and never got a real response; we sent a letter with our Comments and Recommendations to negotiate with unions to freeze the COLA for at least FY10 and never really got a formal response to that; now we have this letter. Our Board members can push for the response to be putting together a budget that shows ways and consequences of going to a zero for next year. It would be nice to have strong support from the Advisory Board communities. We can wait another month but this is not going to go away. MWRA runs their system and they would have the most information on what they could do to make it work.

#### **V. Preview: 2009 Water/Sewer Retail Rate Survey**

Mr. Favaloro said this year, for the first time, the Water and Sewer Retail Rate Survey will include actual DEP usage numbers on the same page as the trending number of 90,000 gallons. Every community will have its own page that will show both numbers; this will allow staff to move the document in a different direction moving forward if desired.

Mr. Romero said the MWRA community pages will incorporate the most recent DEP data on one side of the page and the calculation of 90,000 gallons on the other side. The problem with using the DEP data is that the number moves around from year to year so tracking the retail rates from year to year doesn't do any good. If there is wet summer, consumption is lower; if there is a dry summer, consumption is higher. The number moves all over the place, completely independent of how rates are moving, which is why the Advisory Board maintains 90,000 gallons as a method of tracking increases. A visual graphic will also be included.

MWRA wholesale assessments increased 4.45% in FY09; the average MWRA community household charge ranged from \$771 to \$1,138, based on the 61,000 gallons that the MWRA uses as a placeholder



on its projections up to the 90,000 gallons that the Advisory Board uses as the standard. The average MWRA community retail rate increase was about 6.1%, which includes updated numbers received after last year's survey had gone to print.

Mr. Cooper said that number is significantly higher than the MWRA had; his guess is that it was related to a drop in billable consumption at the local level. Mr. Romero said that is a fair assumption. Last year 40% of the communities that responded to the question said they would likely be facing shortfalls because of dropping consumption.

During the ten years from 1998 to 2008, MWRA community retail rates increased 69%, again using the 90,000 gallon standard.

In FY10, MWRA final wholesale assessments increased 3.8% and the average MWRA community household charge is now ranging from \$811 to just shy of \$1,200. The average MWRA retail rate increase is 5.2% this year. From 1999 to 2009, MWRA community retail rates increased 71%, using the 90,000 gallon standard. Remember, it was 6.1% last year and it is 5.2% this year; staff's argument is they managed to keep their wholesale assessments down. The average combined annual water and sewer residential costs over the ten-year horizon are \$498 for the MWRA communities (based on 90,000 gallons).

Comparing the MWRA's annual residential costs to other U.S. cities and systems, MWRA tends to be in the top four with Seattle, San Francisco and Portland. Currently, for 2009, MWRA is at the fourth level; the average system-wide for U.S. cities is about \$868 as compared to the MWRA's just shy of \$1,200, using 90,000 gallons.

For actual capital needs, 54 responses were received. Cities and towns identified \$628 million up to \$1.1 billion in that would be needed over the next five years in capital infrastructure improvements versus what they actually plan to spend of \$218 million to \$389 million. It is a sobering reality to see how little they may actually be able to spend.

For stormwater recovery, there were 58 responses; 35 communities said their stormwater recovery would come from the DPW budget and 12 said from water and sewer rates. The rest of the data incomprehensible responses and two or three had specific stormwater special assessment fees that were included.

On the budget shortfall question, 50 responses were received this year, which was up from last year. Thirty communities, or 60% of those who answered, predict that they will have a shortfall this year because of dropping consumption on the retail side, compared to 2008, when 40% of respondents predicted a shortfall. That is a significant jump. Not only is it 40% to 60%; more people responded this year so that says the 60% is off a higher base so it is a real issue for communities. It underscores why the MWRA needs to provide as much relief for cities and towns on the water and sewer side.

Lou Taverna said on the stormwater cost recovery there are at least two communities (Newton and Reading) that have set stormwater fees – is that information captured here? Mr. Romero said it is in the data provided in the actual document; staff can certainly add a bullet point to point that out.

John Sullivan said 90,000 gallons are used to do a flat comparison from year to year; since everyone is having a shortfall, including the cities around the country, the survey makes us think that the residents

are paying \$868 on average for water and sewer but in actuality they may only be paying \$500 across the nation. Is there a way to capture that essence? Mr. Favaloro said we will continue to do more caveats. Staff is adding the DEP numbers. Mr. Romero said it is a fair point and we definitely capture that in the beginning introduction. Since determining that people don't always read the introduction, staff added a footnote at the bottom of every page.

Mr. Carroll suggesting comparing water and sewer services to the costs of telephone, cable, gas, electric, etc.; compared to other utilities, the average is far lower for water and sewer, which people can't live without.

Mr. Favaloro said staff will try to incorporate the comments heard from members.

#### **VI. Scheduling of Three-Year Wastewater Flow Averaging Committee Meeting**

Chairman Dunphy said the Wastewater Flow Averaging Committee met last December and agreed to another meeting if the Executive Committee felt it was necessary.

Mr. Favaloro said three-year averaging was put in play as a way of managing huge spikes versus significant lows so that in any year communities would be able to manage and budget. In a healthy discussion last year, when all of the wastewater communities got together, there was a strong desire not to do anything except watch and wait a year to see if things even out. Even last year, when this discussion occurred, the overall deficit over a nine-year period was less than 2%, which made it a statistically insignificant finding.

It is close to a one year from the last discussion. Staff had the MWRA take the data from FY01 through FY10 and find out what the difference was between a three-year average versus an annual flow number. The numbers show they are within a small range, with a couple of exceptions.

Mr. Favaloro said he thought Walter Woods would be in attendance and this topic is extremely important to him. He has done an incredible amount of work regarding this topic. Based on where we are now, does the Committee want a meeting scheduled for December? Mr. Taverna said Newton was one of the largest outliers but now is apparently breaking even. He said he is satisfied and doesn't think the Committee needs to meet again.

Mr. Fink said he sees no reason to meet again at this time either.

Mr. Favaloro said Dedham might have a different point of view because things haven't evened out for Dedham, which doesn't make sense.

John Sullivan said BWSC has done \$300 million worth of separation taking stormwater out of sewer systems and still the rates go up. Mr. Sullivan called the Authority and asked them to put their best minds forward to try to explain it. The stormwater is taken out, the system is tightened up, there is very little inflow/infiltration and yet BWSC uses more wastewater now. It makes no sense at all and the MWRA is studying BWSC's numbers.

The sense of the meeting was not to meet at this time.

## VII. Other Items

Mr. Fink asked for the latest information on invasive species. Mr. Favaloro said the Authority has included Invasive Species on its preliminary agenda for next week's Board meeting.

Mr. Fink said the topic should remain a priority because if January comes and goes, April is just around the corner and the boats are going to be back in the water. The Advisory Board's Board members should be encouraged to speak now and keep the topic moving.

Chairman Dunphy said DCR and the Authority will try to do some work over the winter on whether zebra mussels could thrive in the Quabbin. Mr. Favaloro said Fred Laskey called him last week and spoke about putting together a panel of experts to look at invasives. The Advisory Board recommended, in its white paper, that MWRA needed to get "Quabbin" real information versus what is happening in the Great Lakes or Lake Tahoe where there are other issues.

Mr. Fink said the other piece is who has the authority, whether it is Invasive Species or a terror alert, to shut down the Quabbin? Is it MWRA? Is it DCR? Does it take a panel of people? Chairman Dunphy said there was some discussion about Fish and Wildlife having control of the ramps and that they would be the ones to make the decision.

Mr. Peterson said ultimately MWRA has to have control of its water supply. Chairman Dunphy said DEP felt it was a joint decision of DCR and MWRA. DCR said they were going to close the Quabbin for a period of time and MWRA agreed. It is still not clear who has the authority and it is another reason to wait on allowing the private boats in.

Mr. Favaloro said he put another topic on the agenda that relates to the DCR/MWRA relationship. Secretary Bowles, along with Mr. Gonzales from A&F, is holding hearings on how to make DEP, DCR and other agencies more productive in lean times. DEP took another huge hit in the FY10 budget. DCR took an even bigger hit, including multiple rounds of furloughs. The Advisory Board's position is that the Water Supply Protection Trust is working well but it still isn't control. Advisory Board staff would like authorization to go to the hearing to request that the Division of Water Supply Protection be given to the MWRA. Mr. Fink said staff should go ahead with this plan; however, he felt control was not the right word but protection might be.

Mr. Favaloro said employees of the DWSP will not be laid off; however, with 66 layoffs at DCR, DWSP employees could be bid out of their jobs. Additionally, all non-union members must take nine furlough days; that is close to two weeks of mid and upper management not being there to run the operations of protecting the water supply.

## VIII. Approval of the Advisory Board Agenda for November 19, 2009

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE NOVEMBER 19, 2009 MEETING.** It was seconded and passed by unanimous vote.

## IX. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 10:18 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Edward Sullivan, Secretary