

**EXECUTIVE COMMITTEE MEETING
FRIDAY, SEPTEMBER 10, 2010
ADVISORY BOARD OFFICE
8:30 A.M.**

MINUTES APPROVED AT THE NOVEMBER 12, 2010 MEETING

Present: John Sullivan, BOSTON; Andrew DeSantis, CHELSEA; Bill Hadley, LEXINGTON; Jay Fink, LYNN; Katherine Dunphy, MILTON; Wiff Peterson, NATICK; Lou Taverna, NEWTON; John DeAmicis, STONEHAM; Zig Peret, WILBRAHAM.

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

I. Approval of the April 9, 2010, May 14, 2010 and June 11, 2010 Minutes of the Executive Committee

Chairman Katherine Haynes Dunphy called the meeting to order at 8:30 a.m. A Motion was made **TO APPROVE THE APRIL 9, 2010, MAY 14, 2010 AND JUNE 11, 2010 MINUTES OF THE EXECUTIVE COMMITTEE.** It was seconded and passed by unanimous vote.

II. Action Item: Nomination of the FY11 Executive Committee

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

Chair:	Katherine Haynes Dunphy, Milton
Vice Chair of Finance:	Bernie Cooper, Norwood
Vice Chair of Operations:	Jay Fink, Lynn
Secretary:	Lou Taverna, Newton
Treasurer:	John P. Sullivan, Boston
At-Large:	Carol Antonelli, Somerville
	Brian Carlisle, Quincy
	John DeAmicis, Stoneham
	Andrew DeSantis, Chelsea
	William P. Hadley, Lexington
	Timothy MacDonald, Cambridge
	Zigmund Peret, Wilbraham
	Winfield Peterson, Natick
	John Sanchez, Burlington
	Walter Woods, Wellesley
	(2) Vacant

Hearing no nominations from the floor, a Motion was made **TO SUBMIT THE LIST OF NOMINEES TO SERVE AS THE FY11 EXECUTIVE COMMITTEE TO THE FULL MWRA ADVISORY BOARD.** It was seconded and passed by unanimous vote.

III. Updates:

Office

MWRA Advisory Board Executive Director Joseph Favaloro stated that the Advisory Board has completed its move from 11 Beacon Street to Charlestown. The move went smoothly; the Advisory Board moved last Wednesday and by Wednesday afternoon was able to send an email out to let members know that we were up and running again. It is fair to say with nine days here, we are at about 90% and will work any remaining kinks out.

Mr. Favaloro thanked Advisory Board staff and acknowledged the efforts of MWRA staff (MIS, telecommunications, etc.) in helping to make a smooth transition.

Mr. Favaloro noted that the Advisory Board is now tied into the MWRA's telephone and MIS systems; the Advisory Board's budget will be able to be reduced by the telephone line item once the Beacon Street invoices are paid.

Staff already reduced the electricity budget in June because it did not make sense for the Advisory Board to pay a "per square-foot fee" for electricity because there really isn't a solid relationship behind square footage and electricity costs. The Advisory Board's electricity line item is completely eliminated and will be paid for by the MWRA. The outcome will hopefully be less because the Advisory Board is not paying a surcharge on top of the actual electricity costs.

Expenses for the move will be about \$2,400 to \$2,800. Other expenses have been kept to a minimum. Staff was able to purchase 28 chairs for \$755 from W. B. Mason in a "blowout" sale. Out of last year's budget, staff bought a new conference table because the old one was too over-sized and could not be removed from the 11 Beacon Street office. The new table is modular and can be configured in multiple ways depending on the size of the meeting. Phones are now tied into MWRA but the Advisory Board has its own separate lines/numbers.

From a staffing perspective, there is some transition going on. Christine Byler will not be coming back; she has decided to stay home with her new son. At the end of September, an ad will be placed to seek a replacement for the Government/Media Coordinator position. Mr. Favaloro said with 35 known changes taking place at the State House, he contacted Robert DeLeo, Speaker of the House, to let him know that this position is available should he know of any good candidates.

Mr. Favaloro noted that another staffing change will take place in December. Cornelia Potter will remain with the Advisory Board but will be in a consultant capacity.

Budget

Cornelia Potter stated that the Authority ended the budget preparation process for FY11 with a 1.49% increase, the result of a challenge the Advisory Board had issued to the Authority to aim for a \$0 increase. This was the lowest rate increase in fifteen years.

Authority staff presented the 1.49% increase to the Advisory Board for its review in February with the understanding that it would stay in that dimension to provide some clarity and planning ability to the communities.

The process for preparing FY12's Current Expense Budget is about to begin, as is the Capital Improvement Program budget preparation process. Over the course of the fall, we will see the larger budget picture taking shape; needless to say, debt service will dominate.

The July variance reports show the strong potential of a measurable budget surplus, principally because of variable rate debt. Economists are consistently saying that it will be at least four to six quarters before the Federal Reserve moves short-term interest rates.

Mr. Favaloro noted that the break at Shaft 5A has had an effect on the CIP in that it will be moving redundancy projects forward.

Ms. Potter noted that there was acceleration on the Hultman project to speed up the work to get the interconnections portion of the contract into place six months earlier and costing about \$1.3 million in the change order.

More significantly, the staff had been working all these years on a water supply redundancy plan and the initial broad brush results and cost implications of that work emerged during the course of the spring and were reported to the Board in May and in the Final FY11 Capital Budget, which was distributed this August. The Authority reports that almost \$350 million in total costs were added to the active portion of the capital budget; much of this is redundancy related. These were long-term conceptual design work projects that emerged about the same time.

John DeAmicis asked if the water redundancy projects get pushed forward, what gets pushed back. Ms. Potter said spending on the headworks improvements and the West Roxbury Tunnel project has been stretched out by another year. On the other hand, one of the important things that was supposed to go on this spring was inspection of the tunnel. With the wet weather in March, they could not do it anyway. Also, some Deer Island work has slid out a bit, but there is still a lot going on at Deer Island.

There is other pressure on the budget from the addition of the Local Water System Assistance Program, in which the Authority now assumes there will be distributions in the cap period as compared to the budget assumptions the year before.

Mr. Favaloro said the first part of this process is going to be: define redundancy.

Ms. Potter added that it is important to note that the Authority has determined that 3.9% is the starting point for FY12 and FY13. Mr. Favaloro noted that the Authority is comfortable with the 3.9% increases for FY12 and FY13; however, the Advisory Board has not embraced that concept and will work to lower those increases.

Legislative

Mr. Favaloro stated that there was \$500,000 for Debt Service Assistance (DSA) in the state budget but the Governor vetoed it; however, the message that went with many of his vetoes was that in the event that the federal Medicaid monies comes in, he would go back and revisit his vetoed items. This could reopen door for getting a nominal amount of DSA.

Further, the Advisory Board's language regarding Quincy and Winthrop's ability to select their representative on the MWRA Board of Directors was passed this year. Those two communities will now have direct votes on their representative rather than having to filter their selections through the Governor.

Staff will re-file the Advisory Board's legislative package that will govern for the next two year cycle in the House and Senate sessions. The package includes legislation similar to the Septic Tax Credit and a version of the Bottle Bill that would dedicate funding for water and sewer infrastructure. More information will be brought forward in October. The legislation must be filed by mid-December. Mr. Favaloro noted that the Bottle Bill topic died in the last session because there was no appetite to do anything that could be construed as an additional tax.

Regulatory

Mr. Favaloro said over the summer there were three specific areas that the Advisory Board commented on regarding regulatory issues. The first is almost certainly going to occur and that relates to ambient monitoring. There has been no stronger voice on this topic than the Advisory Board for having a proper level of monitoring for the outfall pipe and Stellwagen Bank. The Advisory Board has pushed for over a decade to tweak and change what was once \$6+ million per year in monitoring. The Advisory Board has chipped away at it working with expert panels; finally, EPA is buying into it and there will be significantly reduced amounts of outfall monitoring. Only two entities commented on the ambient monitoring – the Advisory Board and the Wastewater Advisory Committee. There may be a delay in the reductions, however, because the federal division in charge of endangered species has some issues with EPA's decision to reduce the amount of monitoring.

The second issue the Advisory Board commented on was the extension of variances for CSOs. Katherine Dunphy, Andy Pappastergion and staff met with Mr. Varney many years ago about CSOs at the Charles and Mystic regarding what level and what cost was acceptable; out of that discussion came a series of variances that would allow MWRA to do the projects that are in its capital budget related to the Charles and Mystic but also put a hold on additional projects until an evaluation was done on the level of success achieved by the current projects. Then it would be determined what else may need to be done. Interestingly, these arrangements were made under a previous regional administrator; Mr. Spalding has a different approach. Staff assumes he will continue with what was committed to, but has not heard one way or the other at this point.

The third comment letter related to Sanitary Sewer Overflows (SSOs) and storm water management; it ties to the MWRA's NPDES permit and other pieces as well. This issue will be huge over the next few years. Staff's comments noted that one web session and one conference call does not qualify as a process. The Advisory Board believes EPA should work with communities rather than force rules upon them.

Mr. Favaloro said tied in with the storm water issues is the NPDES Permit. The longer the delay in renewing the NPDES Permit, staff fears that EPA is trying to find ways to include storm water in the permit. The Advisory Board retained an attorney three years ago regarding this topic and has made it clear that a lawsuit will be filed if co-permittees are included in the draft permit.

John Sullivan noted that the Boston Water and Sewer Commission (BWSC) has been waiting for its storm water permit. The City of Boston (Highway and Parks Departments) is supposed to be a co-permittee with BWSC. Now the Conservation Law Foundation has filed suit against BWSC and that may be jamming everything up. EPA itself is struggling; they told BWSC the new draft would be ready by October.

Policy/Operations

Chairman Dunphy asked Mr. Favaloro to comment on the smart growth issue. Mr. Favaloro said at this point, the smart growth issue is dead. There is no desire to move forward; the state won't move from its position and MWRA will not move from its position. MWRA should not be the determiner of smart growth. The system expansion discussion will not likely be picked up again until after the November elections.

Another topic to be discussed is Forestry. A lot of advocates in Central and Western Massachusetts (Quabbin and Wachusett areas) don't want any logging – that may work for parklands – but the reasons for forestry on DCR/MWRA lands is watershed protection. An expert panel is participating in that discussion and Chairman Dunphy has been very active in monitoring these discussions, along with staff. The short-term repercussions at this point is that there is no logging going on; contracts that were agreed upon with various logging firms are occurring, beyond that, nothing is going on. In FY11, it is likely that there will not be much logging occurring; for revenue purposes, it will likely be \$700,000 to

\$800,000 that is ordinarily used as an offset for the watershed budget, but a year of not doing what needs to be done to ensure watershed protection is a far bigger and more important issue.

Mr. Favaloro said for Policy and Operations, there are a couple of issues to flag. The Advisory Board took an aggressive stance on the population discussion as it relates to the setting of the FY10/FY11 assessments. To their credit, Chelsea and Revere took no stance; Winthrop didn't either, but said they were going to. Winthrop got an unwarranted adjustment even though the Advisory Board objected, saying it was tinkering with the methodology and it would be best to leave it alone. For FY12, the population issue has reemerged in Winthrop. MWRA's policy is clear – the methodology is based on the best information available. Every community has the opportunity to appeal by a certain date. This may be an issue this year because Winthrop is going back up and Chelsea and Revere have reductions.

The second issue is that the March storms raised some havoc on wastewater meters; a lot of the systems were under water. Now the discussion has begun on which meters were working and which ones were not working and how it impacts one community versus another. In the past, the position the communities have taken, led by the Operations Committee, was if you question a meter and it is happening in a few places, the best approach is to take all the meters out of operation and use a sample for that period of time to get an average. This approach is similar to when the meters went in; they didn't all go in at the same time. For a year-plus timeline no meters were used. This brings the winners/losers issue up again.

Jay Fink asked how many meters were inoperable. Mr. Favaloro said he would have further information after an afternoon meeting.

Mr. Fink said it would depend on the amount of meters; if half the meters were out, that would take on another life.

DCR

Another area that will be huge this year is the whole watershed operations and the Department of Conservation and Recreation (DCR). The whole avoidance of filtration issue, which is still in play and supportable, was based on watershed protection and all of those different components.

Last year we were discussing zebra mussels. From the zebra mussels discussion came the boat decontamination program that has worked well; the Advisory Board pushed that the MWRA should fully recover all costs, Direct and Indirect, for a boat that comes back and wants to be recertified as safe.

In the spring, the Asian Longhorn Beetle (ALB) was found at the Wachusett, which has led to some elimination of trees. DCR is hopeful that they have effectively put that circle of

control in place. Solutions could be costly not only in dollars but also in watershed protection.

Last week, real concern has been raised regarding an invasive plant called *hydrilla* that has been discovered close to the Wachusett Reservoir. A few years back there was concern about *Eurasian Milfoil*; *hydrilla* is even worse – once it is introduced, it suffocates everything. It grows on top and you can't get through it. Now the question is whose responsibility it is to control it where it has been found so it avoids getting to the Wachusett; ownership of the frontage on the lake that it has been found in – it is not the state's property, it is private; so there are a lot of pieces that need to be resolved.

Mr. Fink said another issue that came up while talking about the zebra mussels was who has control if the water is in jeopardy – DCR or MWRA. Was that ever resolved? Mr. Favaloro said that discussion is actually a “piece of cake” compared to this one because it doesn't belong to DCR or the MWRA.

Chairman Dunphy said it is fairly easy for the MWRA to insist that the Quabbin be closed until they can find a way to protect the water supply. This is quite different; these ponds have no state jurisdiction. Is MWRA going to go in and spend money to clean up private ponds? That is not only a financial issue; the question is, if we wanted to, could we insist on it. Wiff Peterson said it seems like that is an issue for the Massachusetts Department of Environmental Protection.

Mr. Favaloro said the regulatory community should be involved and active, but then put the regulatory community on top of the private ownership and it will take a while to resolve. It could take years and involve litigation and in those years the problem just gets worse.

Another DCR-related item is the Fringe Rate. Ron Mariano and Sen Brewer filed a bill that was approved that eliminated the fringe rate, but MWRA still paid health care costs; the language was reexamined by the new Administration and it has now been two years since the MWRA has paid anything on the fringe rate. The MWRA has set those funds aside and is not using them. It was never the MWRA's or Advisory Board's intention to totally eliminate the fringe rate; the language was intended to make it clear that actual costs should be paid.

25th Anniversary

November 17th has been designated as the celebration of the 25th Anniversary of the MWRA and the MWRA Advisory Board from 5 p.m. to 7 p.m. at the Federal Court House. The Advisory Board's perspective is that it should be a look back over the course of the year. Staff is hoping to have Governor Dukakis at a future meeting to share his perspective and then have a legislative perspective, a local official perspective, etc. as the year plays out.

IV. Approval of the Advisory Board Agenda for September 16, 2010

A Motion was made **TO APPROVE THE ADVISORY BOARD AGENDA FOR THE SEPTEMBER 16, 2010 MEETING.** It was seconded and passed by unanimous vote.

V. Adjournment

A Motion was made **TO ADJOURN THE MEETING AT 9:42 A.M.** It was seconded and passed by unanimous vote.

Respectfully submitted,

Lou Taverna, Secretary