

## MWRA ADVISORY BOARD

*Summary of:*

### MWRA BOARD OF DIRECTORS' MEETING

April 14, 2004

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A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on **April 14, 2004** at the Charlestown Navy Yard. **Present:** John Carroll, Andrew Pappastergion, and Joseph Foti, Advisory Board Representatives; Chair Ellen Roy Herzfelder and Lucile Hicks, Gubernatorial Appointees. Vincent Mannering, Kevin Cotter and Antonia Pollak, City of Boston Representatives; Marie Turner, Town of Winthrop Representative. **Absent:** Joseph MacRitchie, City of Quincy Representative; Donald Mitchell, Gubernatorial Appointee.

### AGENDA

#### **Report of the Executive Director**

Fred Laskey, MWRA Executive Director, congratulated Board Member Antonia Pollak on her recent formal appointment to the position of Parks Commissioner, City of Boston. Mr. Laskey reported wastewater meter installation program has begun. He also reported the Water Resources Commission has determined Reading's application to join the MWAR water system is complete.

Robert Stavins of the Analysis Group has been hired to provide an assessment of the economic impact of additional sewer overflow controls on MWRA area households and communities. He will be presenting his preliminary findings at the April 22<sup>nd</sup> Advisory Board meeting.

There have been two incidents at Deer Island in the last week. Though the power problems were caused by NStar outages, they raised questions about the Authority's uninterruptible power supply. Deer Island Director John Vetere informed the Board the first incident occurred on April 3. Mr. Vetere explained power to Deer Island travels across Boston Harbor from South Boston. There was a leak in the roof of the NStar building, dripping water directly onto the control panel for the Island. There was a single point of failure at the uninterruptible Power Supply (UPS). The UPS batteries failed and it was later discovered that testing on these batteries was inadequate. Future testing will simulate loads on the batteries instead of merely testing the charge.

On April 11, power was lost at the entire plant at approximately 7:30 p.m. NStar's K Street Station had a major fault. Consequently, the breakers on Deer Island automatically opened up (shut off) to protect the plant's electronics. At this point, the DC control panel failed (batteries power the unit that converts DC to AC). Personnel were called in to manually start up operations. This took 2.5 hours. Following a second outage, power took 25 minutes to restore. Old outfalls at Nut Island were opened for about three hours to prevent backups into Quincy homes.

Board Member John Carroll asked if there is any liability on the part of NStar. Mr. Vetere said the Authority pays NStar \$300,000 per year to maintain the building where the roof leaked. Board Member Marie Turner said, "We should institute proceedings." Mr. Laskey added it took NStar 90 minutes to get staff out to Deer Island last night. He also gave kudos to Authority staff who were called in and worked through the night in the pitch dark. Secretary Ellen Roy Herzfelder said the contract with NStar should be examined closely.

Mr. Carroll asked why it would take one hour to get the plant back on line if all the equipment were operating properly, as Mr. Vetere had reported. The Authority has hired two experts to assess the situation on Deer Island. The question of how long it should take to get the plant back online will be added to the scope of the investigation.

## APPROVALS

### *MOU Between MWRA and Department of Conservation and Recreation and Water Supply Protection Trust.*

The Board voted to authorize the Executive Director, on behalf of the Authority, to enter into a Memorandum of Understanding with the Department of Conservation and Recreation. The Board voted to support the establishment of a Water Supply Protection Trust Fund.

Mr. Carroll asked if the Trust language Board Members have is the same as will be filed by Senator Brewer. Nancy Kurtz replied Senator Brewer has requested a fourth Board of Trustee member be added to represent the watersheds. Consequently, the language will be changed to reflect a quorum of three, with three votes in the affirmative required for passage of any vote. Mr. Laskey added the Chair of the Advisory Board and the Secretary of Administration and Finance have been mentioned as possible fifth Board Members.

Mr. Carroll asked if the MOU language Board Members have is the same as will be implemented. Ms. Kurtz said some governance issues have been clarified and Senator Brewer requested changes to ensure public access, to provide watershed representation on the Oversight Subcommittee and language to ensure watersheds will be opened to public access in a timely manner in the wake of another 9-11 type incident.

Mr. Carroll asked Chair Herzfelder if the Governor and his Administration support the Trust. She replied, "I believe that's where we are."

Board Member Andrew Pappastergion asked if the Trust language has been filed in the legislature yet. Mr. Laskey replied Senator Brewer is working on including the language in the Senate budget. Mr. Pappastergion asked Chair Herzfelder again if the Governor and his Administration support the Trust. She replied, "They are very comfortable with it." Mr. Pappastergion asked if the MOU works without the Trust. Mr. Laskey replied the MOU assigns responsibility for the water to the Authority and responsibility for the land to the DCR. He labeled the MOU a "major step up" for its reporting provisions, work plans and clear delineation of responsibilities. "They both dovetail off each other and work well together," he added. Mr. Pappastergion asked that the Executive Director report back to the Board on how the MOU is working.

**Forty-sixth Supplemental Bond Authorization**

The Board voted to adopt the forty-sixth Supplemental Resolution authorizing the issuance of up to \$130,000,000 of MWRA Revenue Bonds (2004 A Senior Series), and up to \$140,000,000 of MWRA General Revenue Bonds (2004 B Senior Refunding Series), and to adopt the supporting issuance resolution.

Ken Wissman explained, in the event that rates are attractive, staff wants to be able to move ahead.

**Supplemental Facilities Plan and Environmental Impact Report on the Long-Term CSO Control Plan for North Dorchester Bay and the Reserved Channel**

The Board voted to authorize staff to submit a Supplemental Facilities Plan and Environmental Impact Report (SFP/EIR) on the Long-Term CSO Control Plan for North Dorchester Bay and the Reserved Channel to the Massachusetts Environmental Policy Act Unit of the Department of Environmental Protection and the court parties.

Chair Herzfelder abstained from the vote.

MWRA Advisory Board Executive Director, Joseph Favaloro, said he is concerned about the precedent the Authority is setting with this vote. "The MWRA is a sewer agency, not a stormwater agency," he said. He added the appropriate responsible parties should pay for stormwater. Mr. Wissman responded legal counsel believes this will not set a precedent because it is part of a court order.

**Final CSO Annual Progress Report 2003**

The Board voted to authorize staff to submit the Combined Sewer Overflow Annual Progress Report 2003 to the Federal District Court, in compliance with Schedule Six and other requirements in the Federal Court Order in the Boston Harbor Case.

Chair Herzfelder abstained from the vote.

**Approval of New Wastewater Advisory Committee Members**

The Board voted to approve the appointment of Vincent Spada, William Katz, and Megan Lim to the Wastewater Advisory Committee.

**Memorandum of Understanding and Financial Assistance Agreement with BWSC for Implementation of CSO Control Projects, Amendment 3**

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute Amendment 3 to the Memorandum of Understanding (MOU) and Financial Assistance Agreement (FAA) between MWRA and Boston Water and Sewer Commission (BWSC) for implementation of CSO Control Projects to: 1) add the Fort Point Channel Sewer Separation and System Optimization project for CSO outfalls BOS072 and BOS073, increasing the financial award amount by \$4,871,000; and 2) further increase the financial award by \$3,093,000 for CSO projects already in the MOU and FAA, consistent with updated cost estimates in MWRA's approved FY05-07 CIP.

This adds \$3.1 million to the approved budget to reflect increasing costs at Stony Brook. An increase of \$4.9 million is to provide BWSC with funding for sewer separation at outfalls 072, 073 and Fort Point Channel. A \$10 million savings is expected, as is removal of more CSO from Fort Point Channel.

**Appointment of Senior Program Manager, Quality Assurance, Operations Support**

The Board voted to approve the Executive Director's recommendation to appoint Betsy Reilly-Matthews to the position of Senior Program Manager, Quality Assurance in the Field Operations Department at an annual salary of \$85,859.00 to be effective on the date designated by the Executive Director.

**Appointment of Technical Operations Manager, MIS**

The Board voted to approve the Executive Director's recommendation to appoint Kenneth Carlson to the position of Technical Operations Manager in the MIS Department, at an annual salary of \$92,947.00 to be effective on the date designated by the Executive Director.

**April PCR Amendments - FY04**

The Board voted to approve amendments to the Position Control Register. The annualized budget impact of these changes would theoretically range from a cost of -\$107,536 to \$15,737. Those that make up the financial impact are as follows:

<b>Current Title</b>	<b>Amended Title</b>	<b>Financial Impact</b>
Facilities Coordinator	Supervisor, Facilities Management	\$5,429
Secretary I	Administrative Coordinator	\$3,518
Database Analyst/Programmer	Senior Program Manager, IS Security	\$7,973
Laboratory Supervisor II	Laboratory Supervisor III	\$6,038
Data Control Coordinator	Data Control Coordinator	\$3,605

The Board voted further to remove the "Acting" designation from Kenneth Wissman's title of Chief Financial Officer.

## CONTRACT AWARDS

### **Accounts Payable and Payroll Banking Services: Citizens Bank of Massachusetts.**

The Board voted to approve the recommendation of the Consultant Selection Panel to select Citizens Bank of Massachusetts to provide banking services to the Authority's Operating Accounts Payable and Payroll accounts, and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Citizens Bank of Massachusetts in an amount not to exceed \$55,000 for a period of four years commencing March 27, 2004.

### **Security Services for the Deer Island Treatment Plant, Chelsea Facility and Walnut Hill Treatment Plant: Vance Uniform Protection Services, Inc., Contract EXE-022**

The Board voted to approve the recommendation of the Consultant Selection Panel to select Vance Uniform Protection Services, Inc. to provide Security Services to the Authority for the Deer Island Treatment Plant, Chelsea Facility and Walnut Hill Water Treatment Plant, and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Vance in an amount not to exceed \$5,639,543.93 for a period of 1,095 calendar days from the Notice To Proceed.

Staff explained the contract was awarded to Vance even though they were not the lowest bidder. The selection committee was not confident with the transition plan offered by the lowest bidder. Since Vance bid \$93,600 more than the lowest bidder, Mr. Carroll asked how this would affect the budget. "Will we need more money than proposed?" he asked. Staff explained the contract is \$250,000 above the proposed budget, including the addition of one FTE at Deer Island.

### **Painting/Coating Phase 3 – Deer Island Treatment Plant: Contract S392**

The Board voted to approve the award of Contract No. S392 Painting/Coating Phase 3 – Deer Island Treatment Plant to the lowest responsive bidder, Atlas Painting and Sheeting Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$1,229,500.00 for a term of 244 calendar days from the Notice To Proceed.

### **Condition Monitoring System – Deer Island Treatment Plant: J.F. White Contracting Company, Contract 6594.**

The Board voted to approve the award of Contract No. 6594, Condition Monitoring System – Deer Island Treatment Plant, to the lowest responsive bidder, J.F. White Contracting Company, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$1,527,189 for a contract term of 255 calendar days from the Notice To Proceed.

### **Five-Year Purchase Order Contract for the Supply and Delivery of Sodium Hypochlorite to Deer Island, Kuehne Chemical Company, Inc. WRA-2300**

The Board voted to approve the award of Purchase Order Contract WRA-2300 for the Supply and Delivery of Sodium Hypochlorite to Deer Island Treatment Plant to the

lowest responsive bidder, Kuehne Chemical Company, Inc., and to authorize the Director of Procurement, on behalf of the Authority, to execute and deliver said purchase order contract in an amount not to exceed \$7,632,325.75, for a period of five years from May 14, 2004 through May 13, 2009.

Board Member Lucile Hicks asked, in light of unexpectedly high costs associated with this chemical, is there anything in this contract that will protect the Authority from further increases? Staff explained the price is fixed for five years and is at the same price paid ten years ago. Prices the last few years were artificially low due to price negotiations.

**Oakdale Power Station - Phase I Valve Rehabilitation: Black & Veatch Corp., Contract 6831**

The Board voted to approve the recommendation of the Consultant Selection Panel to select Black and Veatch Corporation to provide engineering services for the Oakdale Power Station - Phase I Valve Rehabilitation, and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Black and Veatch Corp. in an amount not to exceed \$1,474,949.19 for a term of thirty-two months from the Notice to Proceed.

Engineering for this project will start in May and construction will begin at the end of 2005 (during the low water demand period).

**CONTRACT AMENDMENTS/CHANGE ORDERS**

**Union Park Detention/Treatment Facility: Barletta Engineering, Contract 6265, Change Order 8**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 8 to increase the amount of Contract No. 6265 with Barletta Engineering, Union Park Detention/Treatment Facility, in an amount not to exceed \$192,464.80.

The Board further voted to authorize the Executive Director, on behalf of the Authority, to approve additional change orders as may be needed to Contract No. 6265 in amounts not to exceed the aggregate of \$250,000.

The FY04-06 CIP includes \$37,224,000 for this Contract. Including this Change Order, the adjusted subphase total is \$38,817,555.20. The cumulative value of all change orders is \$1,593,111.20, or 4.3% of the original contract amount of \$37,224,444.00.

**Walnut Hill Water Treatment Plant – Ozonation Treatment Facilities: Barletta-Shea, J.V., Contract 6489, Change Order 68**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 68 to increase the amount of Contract No. 6489 with Barletta-Shea, J.V., Walnut Hill Water Treatment Plant – Ozonation Treatment Facilities, in an amount not to exceed \$767,200 and to extend the time for completion by 61 calendar days to April 12, 2005.

The Board voted further to authorize the Executive Director, on behalf of the Authority, to approve additional change orders as may be needed to Contract No. 6489 in amounts not to exceed the aggregate of \$250,000.00 and 180 calendar days.

Staff explained the water cooling system had to be cut apart and modified to meet clearance code requirements for the high voltage ozone equipment. Staff is looking into cost recovery for this \$276,000 modification.

The plant is 86% complete and will start up on March 1, 2005.

The original contract amount was \$116,844,000. Including this Change Order, the cumulative value of all change orders to this Contract is \$13,072,002, or 11.19% of the original contract amount. Approximately \$4.8 million of these changes have been issued at the request of the MWRA including security-related items, inspection of the Cosgrove Tunnel and the change to the Owner Controlled Insurance Program. Work on this contract is 86% complete.

The FY04-06 CIP contains a budget of \$128,003,000 for this contract. Including this change order, the adjusted subphase total is \$129,916,002, or \$1,913,002 over budget.

**Sluice Gate Rehabilitation, Phase II: R. Zoppo Corp., Contract 5258, Change Order 2**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 2 to increase the amount of Contract No. 5258 with R. Zoppo Corp., Sluice Gate Rehabilitation, Phase II, in an amount not to exceed \$250,000.00.

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve additional change orders as may be needed not to exceed the aggregate of \$250,000.00 and 180 calendar days.

The original contract amount was \$4,493,526.00. Including this Change Order, the cumulative value of all change orders for this project is \$268,297.53, or 5.97% of the original contract amount.

The FY04-06 CIP includes a budget of \$4,341,000 for this Contract. Including this Change Order, the adjusted subphase total is \$4,761,823.53, or \$420,823.53 over budget.

**Spot Pond Supply Mains, Section 4, 5, 6, 7, 11, 12, 16W, 57 and 67: P. Gioioso & Sons, Inc., Contract 6381, Change Order 10**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 10 to increase the amount of Contract No. 6381 with P. Gioioso & Sons, Inc., Spot Pond Supply Mains, Section 4,5,6,7,11,12,16W, 57 and 67, in an amount not to exceed \$120,891.65.

The Board voted further to authorize the Executive Director, on behalf of the Authority, to approve additional change orders as may be necessary to Contract No. 6381 in amounts not to exceed the aggregate of \$250,000.00.

The original amount of this contract was \$19,483,200. Including this Change Order, the cumulative value of all change orders to this contract totals \$1,220,447.72, or 6.2% of the original contract amount. Work on this contract is approximately 43% complete.

**WASM Main 4/South Charles River Valley Sewer Rehabilitation: R. Zoppo Corp., Contract 6313, Change Order 6**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 6 to increase the amount of Contract No. 6313 with R. Zoppo Corp., Weston Aqueduct Supply Main 4/South Charles River Valley Sewer Rehabilitation, in an amount not to exceed \$1,437,500.

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve additional change orders as may be necessary to Contract No. 6313 in amounts not to exceed \$250,000.

This represents a 9% increase to the contract. It will provide funding for an internal condition inspection of the next stretch of concrete pipes. Staff explained although the pipes are less than thirty years old, the company that manufactured them is no longer in business and their pipes (used in other projects) have experienced "spectacular failures," most recently in Rhode Island. Staff is hesitant to put the pipes back on line and subject them to high-pressure flows without the inspection to determine the structural condition of the pipes.

The original contract amount was \$15,837,800. Including this Change Order, the cumulative value of all change orders to this contract is \$1,711,522.80, or 10.8% of the original contract amount. Work on this contract is approximately 90% complete.

The FY04-06 CIP includes a budget of \$15,838,000 for this contract. Including this change order, the adjusted subphase total is \$17,549,322.80, or \$1,711,322.80 over budget.

**Norumbega Covered Storage Project: J.F. White/Slattery Skanska, Inc., Contract 6213, Change Order 21**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 21 to increase the amount of Contract No. 6213 with J.F. White/Slattery Skanska, Inc., Norumbega Covered Storage Design/Build Project, in an amount not to exceed \$711,638.00.

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve additional change orders as may be necessary to Contract No. 6213 not to exceed the aggregate of \$250,000.00 in accordance with the Management Policies of the Board of Directors.

The original contract amount was \$89,400,000. Including this change order, the cumulative value of all change orders to this contract is \$5,147,761.14, or 5.8% of the original contract amount. Work on this contract is approximately 93% complete.

The FY04-06 CIP includes a budget of \$95,470,000 for this contract. Including this change order, the adjusted subphase total is \$95,547,761.14.

**Walnut Hill Treatment Plant - Ozonation Treatment Facilities: Barletta-Shea, J.V. Contract 6489, Change Orders 69, 70, 71 and 72**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve the following Change Orders to increase the amount of Contract No. 6489 with Barletta-Shea, J.V., Walnut Hill Treatments Plant - Ozonation Treatment Facilities: Change Order No. 69 in an amount not to exceed \$75,000; Change Order No. 70 for a lump sum of \$34,760; Change Order No. 71 for a lump sum of \$73,255; Change Order No. 72 for a lump sum amount of \$194,800, for a total not-to-exceed amount of \$377,815.

The original amount of this contract was \$116,844,000. Including these change orders, the cumulative value of all change orders to this contract is \$13,499,817, or 11.51% of the original contract amount. Work on this contract is approximately 89.5% complete.

The FY04-06 CIP contains a budget of \$128,003,000 for this contract. Including these change orders, the adjusted subphase total is \$130,293,817 or \$2,290,817 over budget.

**INFORMATION**

**MWRA Insurance Program Renewal Update**

Paul Whelan informed the Board the MWRA's insurance program expires on July 1, 2004. The same program that cost the Authority \$1 million could cost \$3-4 million to renew. The lower pricing dates back to 1998 when the MWRA purchased a three-year policy with an option to renew for three more years. Options now include raising self-retention limits and self-insuring.

Mr. Whelan explained an informal peer agency review did not glean any meaningful information, except that two other agencies have similar (in the neighborhood of \$18 million) reserve funds. The procurement process currently involves three brokers who received RFPs. Staff expects pricing estimates be submitted in May. If self-insuring is the answer, the insurance reserve fund will need to be increased pursuant to the general bond resolution.

Mr. Carroll asked if other reserve accounts could be tapped in an emergency. Ken Wissman said yes, in the case of property loss, but not for liability. Ms. Hicks asked if staff anticipates pursuing self-insurance. Mr. Whelan said at a minimum, he anticipates higher self-retention limits. Currently, they are at \$2.5 million. He expects a bump up to perhaps \$5 million.

**FY04 Mid-Year Capital Program Performance Report**

Staff reported a good third quarter. The MetroWest Water Supply Tunnel and the Norumbega Covered Storage Facility are both online, and the Cosgrove has been shutdown and reopened. Sluice gates and valve upgrades continue, while interceptor and pumping systems are being worked on.

Spending is 10% under budget, and 63% of contracts planned have been issued. In the category of cost control, staff continues to review consultant performance. Staffing levels remain "tight."

**Update on Framingham Extension Sewer Corrosion and Odor Control Program**

Staff explained industries and municipalities have been taking action. A signed settlement agreement has been reached with Ashland.

Mr. Carroll, referring to municipality and industry rating reports issued to Board Members, pointed out Ashland and Natick do not seem to be cooperating. Staff said industries are cooperating, and a very productive meeting was held with Natick in early February. Mr. Carroll asked, "Do we have the right to fine?" Staff said they have not had to fine towns, but have fined industries. Fines would depend on the compliance schedules.

**Progress of BWSC-Implemented CSO Projects and Projected Financial Assistance through June 2004**

Through December of 2003, the Authority authorized and transferred \$80 million to fund BWSC sewer separation work. Based on a review of the performance and proposal, they plan to transfer another \$12.3 million to that account shortly to fund January through June, 2004 expenditures. Thus far, 33,000 feet of storm drain have been installed. The projects are currently ahead of the court schedule for South Dorchester Bay sewer separation.

**Interceptor Renewal Program: Proposed FY05 CIP**

Staff termed this a 'pay now or pay more later' scenario. Mr. Carroll asked what the reason for the deterioration is. Corrosion, surface loads, and intrusions all contribute. The level of deterioration depends on the location and material.

**Update on Lead and Copper Rule Compliance**

Sampling was completed in March as required, but DEP changed the rules mid-sampling. Preliminary results fall just under the lead action level of 15. Board Member Joseph Foti asked if towns are collecting more than the required 15 samples, and all are submitted to DEP, how do we know DEP is not examining the data to our disadvantage? Mr. Foti also said Chelsea was called the day before sampling and was told to collect backup samples as well. Staff said the EPA intends to review the lead and copper rule.

**Integrated Water Supply Improvement Program Update**

The MetroWest Tunnel is in service. There have been four claims filed by CPI, the contractor. The engineers, as part of the claims review process, have rejected two of these claims.

At the Norumbega Covered Storage Facility, they are waiting for better weather to test the tanks. Staff was successful in getting ice out of the channel to start the Norumbega and Cosgrove Tunnels.

At Walnut Hill, wiring and control systems are being integrated. Testing has begun there as well, and plant construction will be finalized in the next three to four months. The plant will begin testing in the fall.

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*This Summary does not include every item discussed by the Board, nor the full extent of the discussions. Please contact Tracy Wadsworth at the Advisory Board office with questions, comments or requests for additional information.*