

MWRA ADVISORY BOARD

Summary of:

MWRA BOARD OF DIRECTORS' MEETING

September 15, 2004

A meeting of the Board of Directors of the MWRA was held on **September 15, 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 Representatives; Kevin Cotter and Vincent Mannering, City of Boston Representatives; Marie Turner, Town of Winthrop Representative; Joseph MacRitchie, City of Quincy Representative. **Absent:** Donald Mitchell, Gubernatorial Representative and Antonia Pollak, City of Boston Representative.

AGENDA

Report of the Chair

Since this was the MWRA Board of Directors' Annual Meeting, the Board voted to elect the following officers: John Carroll, Vice-Chair; Joseph MacRitchie, Secretary; Bonnie Hale and Rose Marie Convery, Assistant Secretaries; Tricia Filippone, Treasurer; Kate Murray and Seth Newton, Assistant Treasurers.

Report of the Executive Director

MWRA Executive Director Fred Laskey announced the first meeting of the Watershed Protection Trust Board will take place September 29. The Board is comprised of Mr. Laskey, Secretary Herzfelder or her designee, Retired Brigadier General William Meehan II representing the Quabbin Fisherman's Association and the North Worcester County Quabbin Anglers, a member appointed by the Speaker of the House and a member appointed by the Senate President. Because of a potential problem with the constitutionality of legislators appointing members to a Trust Board, language has been filed to replace the two legislative appointments with the Chair of the MWRA Advisory Board and the President of the Swift River Historical Society.

At the first meeting, the Trustees will approve the Watershed Division's spending plan for the year. Mr. Laskey noted this is the first time the Authority will have a place at the table when these decisions are being made.

Reading's application to join the MWRA is in doubt. Mr. Laskey said the Department of Environmental Protection (DEP) is imposing unreasonable requirements that put the application in jeopardy. Dedham/Westwood and Wilmington are moving forward with their applications. Joe Favaloro, Executive Director of the MWRA Advisory Board, said Dedham/ Westwood will be giving a preliminary presentation to the Advisory Board tomorrow.

Mr. Laskey announced the October Board Meeting will be held at the Walnut Hill Water Treatment Plant. He also announced MIS staffer Bruce McMillan will be deployed to Iraq for 21 months beginning in early October.

APPROVALS

Forty-seventh Supplemental Bond Authorization - SRF

The Board voted to adopt the forty-seventh Supplemental Resolution authorizing the issuance of up to \$120,000,000 of Massachusetts Water Resources Revenue Bonds (2004 Series C subordinate series) and to adopt the supporting issuance resolution.

Authorization to Surplus Ward Street Pumping Station, Newton

The Board voted to authorize the Executive Director, on behalf of the Authority, to declare the Ward Street Pumping Station in Newton as surplus to the construction, maintenance and operation of the sewer and waterworks systems, and to return the facility and appurtenances to the care and control of the City of Newton.

September PCR Amendments - FY05

The Board voted to approve amendments to the Position Control Register. The annualized budget impact of these changes would theoretically range from costs of \$7,165 to a cost of \$48,795 and will likely be in the middle of this range. Those that make up the financial impact are as follows:

Current Title	Amended Title	Financial Impact
Data Entry Clerk	Secretary I	\$2,067
Laboratory Technician	Chemist I	\$7,022 - \$19,124
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Extension of Employment Contract, Public Affairs

The Board voted to approve the extension of the employment contract for James D. Myers, Jr., Media Specialist, Public Affairs Department, Support Services Division for one year, from October 2, 2004 to October 1, 2005, at an hourly rate of \$30.00, for an annual compensation not to exceed \$58,500.00.

Appointment of Intergovernmental Affairs Manager, Public Affairs

The Board voted to approve the Executive Director's recommendation to appoint Tracy Wadsworth to the position of Intergovernmental Affairs Manager in the Public Affairs Department, Support Services Division, at an annual salary of \$64,079.00 to be effective on the date designated by the Executive Director.

Appointment of Senior Program Manager, Western Maintenance, Operations

The Board voted to approve the Executive Director's recommendation to appoint Eben Nash to the position of Senior Program Manager in the Western Maintenance Department, Operations Division at an annual salary of \$79,648.92 to be effective on the date designated by the Executive Director.

Appointment of Compensation Manager, Human Resources

The Board voted to approve the Executive Director's recommendation to appoint John M. Hickey to the position of Compensation Manager, Human Resources Department, Support Services Division, at an annual salary of \$68,000.00 to be effective on the date designated by the Executive Director.

Appointment of Director, Human Resources

The Board voted to approve the Executive Director's recommendation to appoint Robert G. Donnelly to the position of Director, Human Resources in the Support Services Division, at an annual salary of \$98,000.00 to be effective on the date designated by the Executive Director. Board Member John Carroll abstained due to the fact that Mr. Donnelly interned with him in the past.

Appointment of Budget Manager, Finance

The Board voted to approve the Executive Director's recommendation to appoint Philip Moffitt to the position of Budget Manager in the Finance Division at an annual salary of \$79,788.00 to be effective on the date designated by the Executive Director.

CONTRACT AWARDS

Technical Assistance Consulting Services - Surveying: Alpha Land Surveying and Engineering Associates, Contract 577TA

The Board voted to approve the award of Contract 577TA, Technical Assistance Consulting Services, Surveying, to the lowest responsive bidder, Alpha Land Surveying & Engineering Associates, and to authorize the Executive Director, on behalf of the Authority, to execute Contract 577TA in an amount not to exceed \$150,000.00 for a term of three years and to authorize a Notice to Proceed for the first year in an amount not to exceed \$50,000.00. Further, to authorize the Executive Director, on behalf of the Authority, to approve separate Notices to Proceed, if recommended by staff, to commence the second and third years of this contract, each for the same yearly not-to-exceed amounts.

East/West Spot Pond Supply Mains - Contract 3, Construction Administration & Resident Inspection Services: Dewberry-Goodkind, Inc., Contract 7003

The Board voted to approve the recommendation of the Consultant Selection Panel to select Dewberry-Goodkind, Inc. to provide construction administration and partial resident inspection services for East/West Spot Pond Supply Mains Contract 3, and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Dewberry-Goodkind, Inc., in an amount not to exceed \$1,276,414.76 for a term of 1,673 days from the Notice to Proceed.

East/West Spot Pond Supply Mains Sections 3, 4, 9, 10 and 11, R. Zoppo Corp., Contract 6382

The Board voted to approve the award of Contract No. 6382, East/West Spot Pond Supply Mains Contract 3 - Sections 3, 4, 9, 10 and 11, to the lowest responsive bidder, R. Zoppo Corp., and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$16,776,900.00 for a term of 1,308 calendar days from the Notice to Proceed.

Replacement of Weston Aqueduct Supply Main 3, Supply Pipeline 12 – Pre-stressed Concrete Cylinder Pipe: P. Caliacco Corporation, Contract 7000

The Board voted to approve the award of Contract No. 7000, Replacement of Weston Aqueduct Supply Main 3, Supply Pipeline 12 – Pre-stressed Concrete Cylinder Pipe, to the lowest responsive bidder, P. Caliacco Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$2,104,345.00 for a term of 270 calendar days from the Notice to Proceed.

Jae Kim said the expedited procurement process for this contract resulted in an inaccurate guess on the part of staff with regard to the costs of the project. The initial estimate was \$3.9 million, the bids came in at \$2.1 million, and the CIP says \$2 million. Mr. Laskey added the project came on the radar screen in May when water mains blew out in other places around the country.

CONTRACT AMENDMENTS CHANGE ORDERS

Technical Assistance Consultant Services - Architecture: Icon Architecture, Inc., Contract 562TA, Amendment 2

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve the assignment of Contract 562TA, Technical Assistance Consultant Services, Architecture, from Primary Group, Inc. to Icon Architecture, Inc. and to approve Amendment No. 2 to extend the time for completion of Contract No. 562TA with Icon Architecture, Inc., by twelve months to August 16, 2005.

This is a time-only extension with no financial impact.

Hauling and Disposal of MWRA Minor Residuals: Charter Environmental, Inc., Contract S369, Change Order 4

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 4 to increase the amount of Contract No. S369 with Charter Environmental, Inc., Hauling and Disposal of MWRA Minor Residuals, in an amount not to exceed \$582,043.18 and to extend the time for completion by 180 calendar days to March 26, 2005.

The original Contract amount was \$2,205,620. Change Order 4, in the amount of \$582,043.18, brings the cumulative total for change orders to \$657,143.18, and the adjusted sub-phase total to \$2,862,763.18. The FY05 CEB includes sufficient funding for this contract extension.

Union Park Detention/Treatment Facility: Barletta Engineering, Contract 6265, Change Orders 12 and 13

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 12 (in an amount not to exceed \$651,005.00) and Change Order 13 (for a lump sum amount of \$43,638.00) to increase the amount of Contract No. 6265 with Barletta Engineering Corp., Union Park Detention/Treatment Facility, in a combined total amount not to exceed \$694,643.00.

The Board voted further to authorize the Executive Director to approve additional change orders as may be needed to Contract No. 6265 in amounts not to exceed the aggregate of \$250,000.00.

The original Contract amount was \$37,224,444. Change Order 12, in the amount of \$651,005.00, and Change Order 13, in the amount of \$43,638.00, bring the cumulative value of change orders to \$2,376,559.80, or 6.4% of the original Contract amount, and the adjusted sub-phase total to \$39,601,003.80. Work on this project is 39% complete.

Boston Water and Sewer Commission (BWSC) will pay 11.55% of the contract award amount plus any change orders that result from BWSC improvements. MWRA's cost is 88.45% of the contract award amount plus any remaining change orders. As a BWSC improvement, Change Order 13 will be 100% reimbursable by BWSC.

Walnut Hill Water Treatment Plant - Ozonation Facilities: Barletta-Shea, J.V., Contract 6489, Change Order 89

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 89 to increase the amount of Contract No. 6489 with Barletta-Shea, JV, Walnut Hill Water Treatment Plant - Ozonation Facilities, in the amount of \$83,600.00. Further, the Board voted to authorize the Executive Director 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 a dented access hatch needs to be replaced because it cannot handle the load of a forklift carrying a one-ton load. One with a much stronger capacity is replacing it. Mr. Mannering asked if the contractor should pay for the new hatch. Staff explained the contractors bid the job essentially in a vacuum, with no specific details of the hatch's environment or expected load capacity after installation. Compensation, however, will be sought from the design firm for a design error.

The original Contract amount was \$116,844,000.00. Change Order 89, in the amount of \$83,600.00, brings the cumulative value of change orders to \$16,006,187, or 13.7% of the original Contract amount. Work on this Contract is 93.2% complete.

The FY05 CIP contains a budget of \$131,731,000 for Contract 6489. Including this change order, the adjusted sub-phase total is \$132,850,187, or \$1,119,187 over budget. This amount will be covered within the five-year CIP spending cap.

INFORMATION

Report on Internal Audit Department Activities FY2004

John Mahoney, Director of Internal Audit, assured the Board there is continued emphasis on accountability and safeguarding of Authority assets. He said there has been a positive, receptive attitude on the part of management and a willingness to implement recommendations.

Executive Director Fred Laskey said the Internal Audit Department has shown great flexibility and is an important tool for management staff. Security spot checks are also being conducted.

Board Member Vincent Mannering asked why staff needs to be retrained on delivery documentation. Mr. Mahoney replied since chemical delivery forms require calculations and formulas, training was necessary to ensure accuracy.

Fourth Quarter FY04 Orange Notebook

MWRA Chief Operating Officer Michael Hornbrook said self-generation of electricity is important on Deer Island. It translates into dollar-for-dollar savings because the Authority does not have to purchase that energy. In the fourth quarter, \$2.6 million in costs were avoided due to self-generation. The Authority also received \$1.3 million in energy credits.

The Authority did not meet its fourth quarter self-generation goal due to ball bearing damage to the steam turbine generator resulting from the April power outages, in May, the boiler was out for maintenance, and in June the low flow in the wastewater siphons and lower gas production meant less energy generated.

The Advisory Board continues to emphasize self-generation and staff are very much aware of its importance.

With regard to *preventive* maintenance, 'kitting' has increased. This pre-packaging of materials needed for preventive maintenance jobs adds 'wrench time' in place of time spent waiting for parts. Kitting has increased to 12% for the fourth quarter, exceeding the 10% goal. An increase in *predictive* maintenance (such as vibration analysis) has led to fewer catastrophic failures. The Authority exceeded its goal of 6% by one percentage point.

Operators are now performing operational light maintenance. Heavy maintenance is still carried out by maintenance workers. A union negotiated contract now allows for retraining of operators to perform these tasks. As a result, FTEs at Deer Island have decreased while the overall maintenance budget has increased. In the long term, staffing is expected to level off following a small up tick as retiring workers are replaced and the budget is expected to rise.

There was an up tick in overtime at Deer Island due to the start-up of secondary services, early retirements and the electrical issues in April. Craft work orders have decreased, particularly in the area of preventive maintenance. Staff are trying to eliminate redundant and unnecessary maintenance. Between 2000 and 2004, the Authority's equipment has been 95-97% available.

Board Member Andrew Pappastergion asked who establishes the benchmarks? Marian Orfeo replied there are lots of variables, but the Society of Maintenance Professionals is one source for industry standards. Mr. Mannering asked if the HVAC units scheduled for replacement are obsolete. Mr. Hornbrook replied the units have been in service for ten years. John Vetere said though the units are not obsolete, the control technologies have changed and staff continue to update the control side. Ms. Orfeo added, the maintenance strategy incorporates useful life and the Master Planning process should as well.

Mr. Mannering asked why the useful life of equipment is not extended by virtue of the Authority's outstanding preventive maintenance program. Mr. Hornbrook said the strategies are constantly evolving. For example, a protective coating is now added to replacement parts on equipment at Deer Island that operate in corrosive environments in an effort to extend their useful life.

Mr. Mannering mentioned the sick time numbers in the Finance, Law and Support departments. Mr. Hornbrook said the Authority continues to address the problem through interviews and requesting documentation.

Preliminary FY04 Year End Financial Summary

Laura Guadagno reported the Authority ended fiscal year 2004 with a \$1.5 million surplus. The surplus will be transferred to the Bond Redemption Fund. Spending on the Capital Program came to \$194.1 million, which was 24% below the budgeted amount of \$255 million (including Contingency Fund allowances).

Braintree-Weymouth Relief Facilities Update

Philip Coleman said the Intermediate Pump Station (IPS) is one of four contracts necessary to reach the first Walnut Hill milestone, full capacity of 73 MGD. The tunnel is complete, but for one outstanding issue with contractor Modern Continental. The IPS is ready for testing. One of the Fore River siphons is receiving flow, but not enough for performance testing.

The Fore River Siphon Contract is 78% complete and the directional drilling portion of the project was completed in August. The two-directional boxes are the longest ever undertaken on pipes of the size used in this project.

Mr. MacRitchie added the elimination of barging of sludge later this fall should be regarded as a significant milestone.

Wastewater Meter Replacement Update

Michael Hornbrook, Charles Calapa and Marcis Kempe updated the Board on the status of the Wastewater Meter Replacement Project that began in March. The project is behind schedule in both replacements and acceptances. Sixty-nine of the 220 meters have been replaced and 34 accepted.

The old meters are being replaced with new technologies, using a new vendor and new software. There have been data collection and analysis problems, circuit board production delays, and a learning curve for the new software. Contractor RJN has added a second installation crew plus additional staff for certification and acceptance. To speed up acceptances, the Authority has added three more staffers to review the information and requests.

Thus far, there is an average flow differential (between old meters and new) of approximately 2%. The replacement project should be completed by March of 2005. Advisory Board Executive Director Joseph Favaloro said the Authority needs to do a better job of communicating with the communities that were so active in establishing the guidelines for the meter replacement initiative. Mr. Laskey said he concurs with the urgency of the project. Staff miscalculated the degree of difficulty in accepting the meters and, until now, there has not been a critical mass of information to share with the communities. A dramatic increase in replacements and acceptances is expected this fall and winter.

Ms. Hicks was disturbed by the fact that the contractor needed a “learning curve.” Mr. Laskey promised the Board monthly updates on the project.

Progress of City of Cambridge-Implemented CSO Projects and MWRA

This project, in the Alewife Brook and Upper Mystic River, carries a price tag of \$74 million, \$40 million to be paid by the Authority, the balance to be paid by the City of Cambridge. Staff reported work is currently on hiatus awaiting reassessment of the recommended plan. Cambridge has resumed design work. Also, there have been changes in the scope of work that may result in a project cost increase of \$10 million.

Update on Algal-Related Tastes and Odors

Stephen Estes-Smargiassi reported the Chryso-sphaerella outbreak in the Wachusett Reservoir is over. Complaints on taste and odor ended in August and staff is not seeing the algae in the Reservoir. He said staff may be appearing before the Board early next year with recommendations on how to prevent another outbreak.

Mr. Estes-Smargiassi also informed the Board the *Washington Post* will be doing a nationwide story on the Lead and Copper Rule. He suspects the story will conclude the Environmental Protection Agency is doing a poor job of managing the rule.

Walnut Hill Water Treatment Plant – Construction Management Services

Staff reported approximately \$3.1 million will be needed to extend construction management services at Walnut Hill Water Treatment Plant. Start-up of the ozone facility will be extended to April and support services will be extended as well.

Staff has visited other plants to learn from their mistakes and challenges. The goal is a reliable start-up of Walnut Hill so shutdowns and regulatory difficulties can be avoided. Mr. Laskey said, “We may be overly cautious, but the stakes are very high and we are erring on the side of caution.”

Discussion of John Carroll Letter re: Future MWRA Budgets

Mr. Carroll said he wrote the letter to Board Members because he is always getting complaints at home regarding rates. Since his idea (of limiting future annual rate revenue increases to possibly 2½%) included requiring a vote of nine Board members to override the 2½%, Mr. Mannering reminded the Members the enabling legislation states actions of the Board pass with six votes.

Mr. Laskey said increases have averaged approximately 3.9 percent. A committee was set up to further investigate the idea. Members are: John Carroll, Secretary Ellen Roy Herzfelder, Andrew Pappastergion, Vincent Mannering, Joseph Favaloro and Laura Guadagno.

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