

MWRA ADVISORY BOARD

Summary of

MWRA BOARD OF DIRECTORS' MEETING

March 8, 2006

A meeting of the Board of Directors of the MWRA was held on March 8, 2006 at the Charlestown Navy Yard. Present: Chair Stephen R. Pritchard, Lucile Hicks and Rudolph Banks, Gubernatorial Appointees; Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering and James Hunt III, City of Boston Representatives; Joseph MacRitchie, City of Quincy Representative; Marie Turner, Town of Winthrop Representative. *[Please note: City of Boston Representative James Hunt III joined the meeting during Executive Session and was in attendance for the final three votes on CSOs that were deferred until after Executive Session.]* Absent: John Carroll, Advisory Board Representative; Kevin Cotter, City of Boston Representative.

AGENDA

Report of the Chair

No Report.

Report of the Executive Director

Per the Board's request, MWRA Executive Director Fred Laskey invited members of the Hurricane Katrina Relief Committee and volunteers to be recognized for their efforts in raising \$21,185 for relief efforts. Certificates of Appreciation from the American Red Cross were presented to: Barbara Allen, Barbie Aylward, Terry Bickford, Susan Brazil, Beverly Brunette, Susan Carson, John Colbert, Arlene DeVito, Bob Donnelly, Andrea Enos, Carolyn Fiore, Kathleen Garcia, Brian George, Lee Jensen, Rick Martino, Kelly McCarthy, Maureen McGuinness, Laura Modica, Brad Palmer, Jeff Reade, Eric Renda, Bob Roussel, Pat Russell, Charlene Savioli, Jack Sullivan, Dave Whelan and Vivienne Wright.

The Braintree-Weymouth Pump Station, in service since 1933, is being decommissioned this week to begin renovations. It is the last of the manned, diesel pump stations and will now be managed remotely.

Board Member Vincent Mannering of the Boston Water and Sewer Commission was honored last night by the Boston Harbor Association with the Lydia Goodhue Award.

Last month the Board asked for a report on the levels of reserves and how the MWRA compared with other water/sewer agencies around the country. The report, provided to Board members, found that the Authority is consistent with others, although there is no set pattern. Planning Department Director Marian Orfeo told the Board not to read too much into the report; it is a good piece for finance staff to use to determine a longer term reserve strategy and will likely come back into play during CIP/CEB discussions.

Final CSO Annual Progress Report 2005

[Vote deferred until after Executive Session.]

MOU and Financial Assistance Agreement between MWRA and BWSC for the Implementation of CSO Controls Projects, Amendment 6

[Vote deferred until after Executive Session.]

MOU and Financial Assistance Agreement between MWRA and the City of Cambridge for the Implementation of CSO Control Projects, Amendment 6, and Progress Report and CY05 Funding Transfer

[Vote deferred until after Executive Session.]

Board Member Lucile Hicks noted that this number is MWRA's portion of the total costs; what was the total cost altogether? Mr. Hornbrook said the total cost is still the subject of talks regarding cost sharing. Staff anticipates the total investment will be \$90+ million. The dollars in the vote today address only the costs that have been agreed upon.

March PCR Amendments

CONTRACT AMENDMENTS/CHANGE ORDERS

Union Park Detention/Treatment Facility: Barletta Engineering Corp., Contract 6265, Change Order 51

Board Member Joseph MacRitchie observed that Cambridge's total is less than this one contract.

Cummingsville Branch Replacement Sewer: Albanese D&S, Inc., Contract 6186, Change Order 4

Braintree-Weymouth Intermediate Pump Station: J.F. White Contracting Co., Contract 5316, Change Order 19

Board Member Andrew Pappastergion noted numerous design errors. Director of Construction Frank DePaola responded that MWRA has delivered a letter to the designer regarding the Authority's intention to seek damages.

Braintree-Weymouth Replacement Pump Station: J.F. White Contracting Co., Contract 5375, Change Order 2

Metcalf and Eddy

Spot Pond Supply Mains, Sections 4, 5, 6, 7, 11, 12, 16W, 57 and 67: P. Gioioso & Sons, Inc., Contract 6381, Change Order 25

INFORMATION

Update on FY07 Insurance Program Renewal

Paul Whelan said insurance companies cannot commit to firm price outside 90-day window. Our normal approach is annual basis. Over last two years feedback from brokers, carriers and insurance consultants warn against fatigue for annual basis. Short duration of one year period pricing has negative effect. Last renewal, got quotes only from incumbent carriers. This year plan diverse multi tiered approach. Smaller negotiate and renew for additional year. large workers comp bid out. No firm prices until April. Can

make judgment on whether to renew and still have opportunity to bid out. Before board in June for final approval.

Andrew Pappastergion asked what is driving the 28% increase. Mr. Whelan the extra large increase is not because the carrier was unhappy with us; it is due to an in-house rate restructuring program. Result is 28%. It does seem like a large increase but AIG two years ago was \$230,000. They are at or near where they were projecting. They may have low-balled to get in the door. Even with this projection, is in line with projection of previous incumbent two years ago.

Lucile Hicks said in a case of workers comp do they take into consideration individual situation with each of the clients or this is what they charge. We have gone through downsizing and I don't see us having a lot more people leaving. Do they factor that? Mr. Whelan said they consider payroll dollars. Ms. Hicks said so they have a formula. Mr. Whelan said just payroll loss history over three to five years. nature of work classifications, construction versus office worker and add it all together.

Vincent Mannering asked have we collected from these people. Mr. Whelan said on workers comp we have collected four claims that exceeded the deductible over the last ten years. may seem small now but they grow as they mature. If operation doesn't heal.

Delegated Authority Report – January

Andrew Pappastergion asked about the failed ozone equipment components detailed on the last item. Mr. Hornbrook said this is a service contract and there are no failed components now. Rick Trubiano said want to make sure warranty remains valid.

Second Quarter FY06 Orange Notebook

Mr. Hornbrook stated power remains a big issue. Over \$5 million in energy cost increases. Deer Island grid power demands October rain events and November above budgeted amounts. Not demand driving the cost increases in power. Self generation had discussion on hydro power on Deer Island. Were able to repair hydro units. After we had power failure used CTGs much more than we had in previous months. At or above self generation for the first six months. Price impacts Deer Island costs of energy not including transmission. Base costs alone 6.5 cents per unit budgeted but actually paid 9.6 cents driving up utility costs in demand or self generation.

The presentation included a chart on blending showing the percentage of flow that received secondary treatment. Averaging 98% receiving secondary. Capacity 540.

FY06 Financial Update and Summary as of January 2006

Update on FY06 Budgetary Risk Factors

Union Park Pump Station & CSO Facility – BWSC and MWRA Operation and Maintenance Services Contract

Update on New EPA Drinking Water Regulations

Mr. MacRitchie stated, to his understanding, MWRA will build the facility but BWSC will be the lead agency. Shouldn't the MWRA take the lead? Is there any merit to it? BWSC Executive Director Vincent Mannering stated BWSC does not do treatment. Mr. Hornbrook added having the contract operator run

the facility is the most efficient way to do it. The Authority does not want to be liable for flooding and BWSC does not want to be responsible for not meeting the NPDES permit.

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