

MWRA ADVISORY BOARD

Summary of

MWRA BOARD OF DIRECTORS' MEETING

September 13, 2006

A meeting of the Board of Directors of the MWRA was held on September 13, 2006 at the Charlestown Navy Yard. Present: Chair Robert Golledge, Lucile Hicks and Rudolph Banks, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering, Kevin Cotter and James Hunt III, City of Boston Representatives; Joseph MacRitchie, City of Quincy Representative. Absent: Marie Turner, Town of Winthrop Representative.

AGENDA

Report of the Chair

Secretary of Environmental Affairs Robert Golledge stated his interaction with the MWRA, while serving with the Department of Environmental Protection, goes back to such issues as filtration, CSOs and the Blue Hills Covered Storage Project. In past dealings with the MWRA, the Secretary stated he was impressed with the professionalism and responsiveness of MWRA staff and it is an honor and pleasure to work with the Board members and staff.

Report of the Executive Director

MWRA Executive Director Fred Laskey welcomed Secretary Golledge to the Board. On behalf of staff, Mr. Laskey thanked former Secretary and Chairman Stephen Pritchard for his efforts and presented a framed photo of the Board. Mr. Laskey stated because of his engineering background and keen and curious mind to ask the right questions, Secretary Pritchard quickly earned the respect of staff.

Former Secretary Pritchard stated, "Board members should take pride that this is an Authority that works extremely well. This Board can be put up as an example of how it ought to be done. It was a pleasure to work with the MWRA and its professional staff; I know you will afford Secretary Golledge the same support you afforded me."

Vice-Chairman John Carroll stated, "I have served on the Board with all the former Chairmen. Secretary Pritchard ranks at the top; he has done a great job. I can already tell that Bob will do a great job as well."

Mr. Laskey reported that a fourth MWRA employee has been called to active duty. Don Martel, an Instrument Technician at the CWTP, recently deployed for a six-month tour of duty in Afghanistan. Don is a Chief Master Sergeant in the Air Force Reserve.

Mr. Laskey stated the legislation that provided the MWRA with Debt Service Assistance requires that the MWRA provide a report outlining options for reducing costs and innovative ways to conduct business.

Additionally, a hearing on the Blue Hills Covered Storage Tank will be held next week; MWRA staff is in the process of scheduling the South Boston CSO Tunnel groundbreaking for October; the October Board meeting will be held at Deer Island to coincide with the wastewater maintenance portion of the Master Plan; and the State Auditor has informed the Authority that his report on the CSO Program will be issued tomorrow.

Director of Field Operations Rick Trubiano stated at midnight between September 3 and 4, the active Shaft 9A pressure regulating valve (PRV) in Malden malfunctioned to allow the discharge hydraulic gradient in the Northern Low Service area to rise from a normal of about 180 feet to a brief spike reaching over 220 feet. This pressure spike, and several that followed, caused a total of 40 pipe breaks in the five communities (Chelsea, East Boston, Everett, Malden and Medford) served from the Shaft 9A pressure regulators.

Mr. Laskey said Medford contacted the MWRA Operations Control Center (OCC) on Monday afternoon regarding several breaks they had found throughout the day. Staff from the OCC and field crews began to assess the problem and attempted a number of options to correct it but the PRV would not control the pressure reliably; a decision was made to activate a redundant PRV. On Wednesday morning the second PRV began to spike and reached over 220 feet before the valve crew could take manual control and bring the valve down to normal pressures. On Wednesday and Thursday, a valve crew manually controlled the PRV at the site, adjusting the valve as directed by OCC staff that was watching system pressures.

Mr. Hornbrook added that an expert from Ross Valves said there was no common thread between the two PRVs and he had never seen anything like this. Mr. Hornbrook noted many of the leak locations had been previously repaired or were heavily corroded.

Mr. Laskey stated on Thursday afternoon, the PRVs at Shaft 9 in Somerville were activated to supply the service area and have performed well since that time. MWRA worked with the communities to repair breaks, sending its own field crews out and making contractors available to these communities. Almost all of the leaks were repaired within a day. The Authority has notified the communities involved that they will be reimbursed for emergency repair costs associated with MWRA's malfunctioning valve. Mr. Trubiano stated the next steps are to diagnose what happened in Shaft 9A and to continue monitoring Shaft 9. If a problem should develop in Shaft 9, another backup shaft is available.

Board Member Joseph Foti added, as a community (Chelsea) affected by the breaks, the MWRA treated us very well and the quick response was appreciated.

APPROVALS

Disclosure Counsel: Approval of Assignment of Contract F165 to Edwards Angell Palmer & Dodge LLP

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve the assignment of Contract F165, Disclosure Counsel, from Palmer & Dodge, LLP to Edwards Angell Palmer & Dodge, LLP with no change in the contract amount or contract term.

On November 1, 2005, a merger took place between Palmer & Dodge, LLP and Edwards Angell, LLP. As a result of the merger, the firm is now known as Edwards Angell Palmer & Dodge, LLP. Contract F165 will not be adversely impacted in that the merger will not change the key personnel or level of service to be provided to the Authority. All terms, conditions, liabilities and performance obligations of the original contract remain in full force and effect.

Non-Union Compensation for FY07

The Board of Directors voted to take the following actions in MWRA's FY07 Non-Union Compensation Program: (1) Authorize the Executive Director to implement a 3.0% across-the-board compensation adjustment effective July 1, 2006 for non-union managers; (2) Authorize compensation adjustments for two non-union managers to address salary collision issues; and (3) Approve a revision to the Non-Union salary ranges for FY07.

The 3.0% adjustment is consistent with the FY07 across-the-board compensation adjustments the Authority has provided bargaining unit employees and will help prevent further salary collision issues with Unit 6 and Unit 9 staff (who have

already received FY07 increases of 3.0%). The salary adjustments will be provided to all non-union managers on the payroll as of July 1, 2006. Staff continues to monitor non-union salary collision issues, which occur when a non-union manager's salary is less than that of a union employee he/she supervised. There are currently two instances of salary collision; to address this situation, compensation adjustments totaling \$3,250 are needed.

Board Member Vincent Mannering noted that non-union management has more responsibility without union protection; they should be getting more money. Personnel Committee Chairman Joe Foti noted that Human Resources Director Robert Donnelly will do a comprehensive study to determine any collision issues for positions over the next five years.

September PCR Amendments – FY2007

The Board voted to approve amendments to the Position Control Register.

One Amendment required Board approval to align title and grade with added responsibilities resulting from the reorganization of Operations Administration and the elimination of two administrative positions. A Secretary I title was amended to Executive Secretary with a financial impact of \$3,922.

Mr. Donnelly noted there were a number of amendments due to consolidation and location changes. In the past, the Board has questioned the need for its approval for location-related adjustments that did not result in a change in salary. Staff is seeking the Board's guidance on circumstances that the Board may wish to weigh in. Staff will bring a proposal for a "Targeted Authority Report" for the Board's consideration in October or November.

Appointment of Director, Wastewater Operations

The Board voted to approve the Executive Director's recommendation to appoint Nancy E. Gallinaro to the position of Director, Wastewater Operations (Non-Union, Grade 15) at an annual salary of \$108,523 to be effective on the date designated by the Executive Director.

The Director of Wastewater Operations is responsible for the safe, cost-effective and environmentally sound operation of all MWRA wastewater facilities (except Deer Island and Clinton). Ms. Gallinaro has 25+ years of experience in wastewater operations, process control, management and training and has extensive knowledge of MWRA's wastewater system, having been involved in the start-up and operation of Deer Island and in day-to-day staff responsibilities in the wastewater transport facilities. Ms. Gallinaro resigned from MWRA in January 2006 to pursue consulting opportunities.

Mr. Hornbrook informed the Board that Ms. Gallinaro is related to Gerard Gallinaro, Deputy Director of Maintenance at Deer Island. Because of her specific qualifications, previous recent MWRA employment, change in marital status while an employee at MWRA and the non-reporting nature of the two positions (Mr. Gallinaro reports to John Vetere; Ms. Gallinaro will report to Rick Trubiano), MWRA is waiving its policy restricting hiring of relatives in positions Grade 15 and above in this instance.

Appointment of Manager, Wastewater Operations

The Board voted to approve the Executive Director's recommendation to appoint Stephen Cullen to the position of Manager, Wastewater Operations (Non-Union/Grade 14) at an annual salary of \$100,360 effective September 16, 2006.

This position's main focus is to manage the efficient and effective operation of MWRA's sewerage pumping stations, CSOs, headworks facilities and pipeline systems. The Wastewater Operations Manager manages 70 staff reporting out of numerous facilities throughout the Metropolitan Boston area. Primary functional responsibilities include facility operation and process optimization, compliance with all NPDES permit regulations, staff assignments and training, budget development and system troubleshooting.

Mr. Cullen has 17+ years of experience in wastewater engineering, operations and facilities management. He began his career at MWRA in 1989 and has held various positions of increasing responsibility since.

Appointment of Project Manager, Marine Information Analysis, Environmental Quality Department

The Board voted to approve the Executive Director's recommendation to appoint Dr. Douglas Hersh to the position of Project Manager, Marine Information Analysis in the Environmental Quality Department, Operations Division (Grade 25, Unit 9) at an annual salary of \$72,975 effective September 16, 2006.

Dr. Hersh holds a Ph.D. in Biology from Boston University and a B.S. in Biology from the State University of New York at Stony Brook. His expertise in computer technology has been developed through experience working at MWRA on the outfall monitoring database since 1996.

Appointment of Treasurer

The Board voted to approve the Executive Director's recommendation to appoint Ralph M. Wallace to the position of Treasurer, Finance Division (Non-Union, Grade 16) at an annual salary of \$119,286, to be effective on the date designated by the Executive Director. Further, to appoint Ralph M. Wallace as Treasurer of the Board of Directors, in accordance with Article IV, Section 1 of the MWRA By-Laws.

Mr. Wallace has over 26 years of experience in planning, economic analysis, finance and construction of large-scale infrastructure and industrial development projects.

CONTRACT AWARDS

Pretreatment Information Management System: Inflection Point Solutions, Contract 6177D

The Board voted to approve the award of Contract 6177D, Pretreatment Information Management System, to Inflection Point Solutions, LLC, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in an amount not to exceed \$1,079,996 for a term of five years from the Notice to Proceed; and to authorize a Notice to Proceed to commence the first two-year term of the contract in an amount not to exceed \$1,048,471 for software license and implementation services. Further, to authorize the Executive Director to approve subsequent Notices to Proceed annually, for software maintenance services, to expend the remaining balance of \$31,525 in the not-to-exceed amounts of \$10,000 in maintenance year one, \$10,500 in maintenance year two and \$11,025 in maintenance year three, if recommended by staff.

Mr. Mannering asked if this system can meld MWRA's other systems. TRAC Manager Carolyn Fiore stated this system works with the Lawson and GIS systems.

Cottage Farm/Brookline Connection Design and Construction Services: Fay Spofford & Thorndike, Contract 7009

The Board voted to approve the recommendation of the Consultant Selection Committee to select Fay Spofford & Thorndike to provide design and construction administration services for the Cottage Farm Brookline Connection and Inflow Controls project and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Fay Spofford & Thorndike in an amount not to exceed \$1,259,704.33 for a contract term of 1,369 calendar days from the Notice to Proceed.

Board Member Jay MacRitchie expressed concern about the lack of competition on this bid. Director of Wastewater Engineering Kevin O'Brien noted that this contract requires the consultant to acquire a hydraulic modeling license for a proprietary computer system, which could be financially burdensome. Mr. MacRitchie asked if the MWRA could buy the license and make it available to the contractor. Mr. Hornbrook stated the MWRA does have this license but would prefer the consultant to assume responsibility if errors should occur.

Rehabilitation of Water Pumping Stations: Barletta Engineering Corporation, Contract 6375

The Board Voted to approve the award of Contract 6375, Rehabilitation of Water Pumping Stations, to the lowest responsive bidder, Barletta Engineering Corporation, and to authorize the Executive Director, on behalf of the Authority, to

execute and deliver said contract in the bid amount of \$18,157,000 for a term of 1,310 calendar days from the Notice to Proceed.

Contract 6375 will rehabilitate five water pumping stations: Belmont (1936), Brattle Court (1907), Hyde Park (1913), Reservoir Road (1936) and Spring Street (1960). Barletta's bid of \$18,157,000 is approximately 15% lower than the Engineer's Estimate and 10% lower than the second lowest bidder. Black & Veatch and MWRA staff closely reviewed Barletta's bid and have been unable to identify specific reasons for the variance other than aggressive bidding. Barletta was able to under price other bidders because of its past experience in performing similar rehabilitation work on three other MWRA water pumping stations – Gillis, Lexington and Newton Street Pumping Stations, completed in 1998. Barletta staff has stated they are comfortable with the bid price and confirmed the bid price includes all elements of the work.

Mr. Foti asked if staff is confident in Barletta's numbers based on work done previously on MWRA's three pump stations. Were there any amendments to those contracts? Mr. O'Brien stated there were no significant amendments (under 15%).

Section 28, Suction to Brattle Court Pump Station – Design, Construction Administration and Inspection Services: Green International Affiliates, Inc., Contract 7083

The Board voted to approve the recommendation of the Consultant Selection Committee to select Green International Affiliates, Inc. to provide design, construction administration and inspection services for the rehabilitation of Section 28 (suction to Brattle Court Pump Station) and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Green International Affiliates, Inc. in an amount not to exceed \$908,313, for a term of 1,430 days from the Notice to Proceed.

Section 28, which is now 100 years old, is the oldest of the suction mains that serve the Brattle Court and Spring Street Pump Stations. Contract 7083 consists of engineering services for field testing, hydraulic analysis, alternatives analysis, surveying, traffic assessment and the design of the rehabilitation and/or replacement of the pipe, valves, blow-offs and other appurtenances. Construction Administration is also included. Although Resident Inspection is currently included as part of the contract, it may be substituted in whole or part by MWRA staff at the time of construction.

The FY07 CIP includes a budget of \$1,100,000 for Contract 7083.

CONTRACT AMENDMENTS/CHANGE ORDERS

Braintree-Weymouth Replacement Pump Station: J. F. White Contracting Company, Contract 5375, Change Order 4

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 4 to increase the amount of Contract 5375 with J. F. White Contracting Company, Braintree-Weymouth Replacement Pump Station, in an amount not to exceed \$530,840. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 5375 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days.

During initial design in 1995, test borings at the four corners of the existing pump station were performed to determine if there was any oil contamination on site. The only test boring that revealed contamination was on the southwest corner and was minimal. Based on this information, the contract included an original estimated quantity of 600 tons of non-hazardous contaminated soil; however, during construction additional contaminated soil was found around the perimeter of the existing building during excavation resulting in Change Order 2, which increased the quantity by an additional 1,889 tons. Once the existing pump station was demolished and removed, a strong petroleum odor was detected from the concrete base slab. It was determined that an additional 1,750 tons of non-hazardous contaminated soil had to be disposed of at an in-state recycling facility.

The Contractor is currently ten months behind schedule and has submitted a claim for a time extension for removal of the non-hazardous contaminated soil, as well as the modifications to the sheeting, including costs of more than \$1 million. Staff requested that the Contractor submit a revised schedule for its review to determine how much time is associated with these changes. Although the Design Engineer, Metcalf & Eddy, MWRA and the Contractor have agreed to the direct costs for these items, the time extension and associated costs are still under review and are not included in this change order.

The cumulative value of all change orders to this contract is \$744,676.65, or 4.7% of the original contract amount of \$15,850,508.00, for an adjusted sub-phase total of \$16,595,184.65. The FY07 CIP includes \$16,639,000 for Contract 5375. Work on this contract is 38.3% complete.

Union Park Detention/Treatment Facility: Barletta Engineering Corp., Contract 6265, Change Orders 62 and 63

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 62 for a lump sum amount of \$61,531.77 and Change Order 63 for a lump sum amount of \$452,257.39 and a time extension of 121 calendar days to Contract 6265 with Barletta Engineering Corp., Union Park Detention/Treatment Facility, for a combined total lump sum amount of \$513,789.16 and a contract completion date of April 26, 2007. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 6265 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days.

Change Order 62 will result in improvements to BWSC's pump station capacity and infrastructure and will be 100% reimbursable by BWSC. As part of building expansion and the addition of pretreatment of CSO discharge, Change Order 63 is the MWRA's responsibility. The Change Orders were prepared separately to reflect the differing sources of funds for the additional work. The Contractor does not agree with the time extension or the amount of both change orders; consequently, it is likely that Change Orders 62 and 63 will be executed unilaterally.

The cumulative value of all change orders to this contract is \$6,962,077.27, added to the original contract amount of \$37,224,444.00, for an adjusted sub-phase total of \$44,186,521.27 and extending the contract completion date from December 26, 2006 to April 26, 2007. BWSC will pay 11.55% of the contract award amount plus change orders that result from BWSC improvements. MWRA's cost is 88.45% of the contract award plus any remaining change orders.

Ms. Hicks asked when staff anticipates the contract will be complete. Director of Construction Frank DePaola stated the contract is 95% complete and testing is expected to be complete in April 2007.

Pleasure Bay Storm Drain Improvements: The Dow Company, Inc., Contract 7012, Change Order 3

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 3 to increase the amount of Contract 7012 with The Dow Company, Inc., Pleasure Bay Storm Drain Improvements, in a lump sum amount of \$121,656. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 7012 in amounts not to exceed the aggregate of \$250,000.

Soil borings prior to bid of Contract 7012 indicated the soils in the area to be excavated consisted of a combination of clay, silt, sand and gravel. The bid documents required the Contractor to include in its bid price the cost of removing and disposing of unsuitable material (clay and silt) and replacing it with gravel. Bidders were informed that the sand and gravel could be used as trench backfill. During trench excavation, the majority of the material encountered was classified as unsuitable for backfill and had to be disposed of off site and replaced with imported material. As a result, the Contractor had to remove and replace an additional 3,288 cubic yards of unsuitable material.

Board Member Jay Mac Ritchie asked if staff is satisfied that the bid price for unit cost was competitive. Mr. DePaola stated that field personnel and an independent consultant priced the materials and determined the cost was reasonable.

The cumulative value of all change orders to this contract total \$301,216.65, or 10.69% of the original contract amount of \$2,816,500.00, for an adjusted contract total of \$3,117,716.65, with no increase in contract term. This contract was declared substantially complete as of May 26, 2006. Staff anticipates a final balancing change order will be required under delegated authority to address an overrun in a paving bid item.

Upper Neponset Valley Sewer System Design: Fay Spofford & Thorndike, Contract 6031, Amendment 6

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 6 to increase the amount of Contract 6031 with Fay Spofford & Thorndike, Upper Neponset Valley Sewer System Design, in an amount not to exceed \$203,900 and reallocating \$95,200 in additional funds within the contract.

Amendment 6 is necessary to provide funding for additional levels of effort to prepare two Massachusetts Environmental Policy Act Notices of Project Change, to provide engineering services during construction, a new scope of services and a new scope of services for the preparation of noise reports and a redesign of a section of Contract 6191.

The cumulative value of all change orders to this contract total \$662,382.44, added to the original contract amount of \$3,775,169.87, for an adjusted contract total of \$4,437,552.31, or \$203,552.31 over budget. This amount will be covered within the five-year CIP spending cap.

Blue Hills Covered Storage EIR/Concept Design/Owner's Representative: Rizzo Associates, Inc., Contract 6139, Amendment 7

The Board voted, with Secretary Golledge abstaining, to authorize the Executive Director, on behalf of the Authority, to approve Amendment 7 to increase the amount of Contract 6139 with Rizzo Associates, Inc., Blue Hills Covered Storage EIR/Concept Design/Owner's Representative, in an amount not to exceed \$299,661 and to extend the time for completion by nine months to June 30, 2010.

Amendment 7 is necessary to provide additional time and funds for a modified scope of services to support MWRA resident engineering and inspection staff in the administration of the Design/Build contract during the four-year contract term. These new services include: independent concrete and soils testing, field survey verification, schedule analysis, change order and claim review, quality control field audits, facility start-up support services and review of facility handbooks and operation and maintenance manuals. These services were previously proposed to be included in a new consultant contract for Design/Build Field Oversight. The procurement for this new contract has been canceled due to the current plan to use in-house resident engineering and inspection staff for field oversight.

The FY07 CIP contains \$2,557,000 for Contract 6139. Including this Amendment, the adjusted sub-phase total will be \$2,557,198.55.

Heath Hill Section 52 – Phase II Rehabilitation: J. D'Amico, Inc., Contract 5194, Change Order 1

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 1 to increase the amount of Contract 5194 with J. D'Amico, Inc., Heath Hill Section 52 – Phase II Rehabilitation, in an amount not to exceed \$616,437. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 5194 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days.

The contract documents specify cement lining of 6,840 feet and slip lining 4,905 feet of 54-inch diameter water main. A portion of this work runs along Route 9 in Brookline and is scheduled to be completed by November 2006. The completion date for this segment was established to coordinate this work with the Walnut Street and Fisher Hill Pipeline Rehabilitation, scheduled to begin in the spring of 2007. As part of this new contract, an additional 2,045 feet of pipeline on Route 9 in Brookline, in close proximity to the work of this contract, was to be relined. The larger contract for the Walnut Street area (approximately 7,900 feet) is currently under design by MWRA staff.

During a coordination meeting with Brookline and the Massachusetts Highway Department (MHD), MWRA was informed that the MHD had awarded a contract to pave this section of Route 9. However, due to road closures related to the Central Artery Project, the paving work has been postponed until April 2007 to avoid further traffic delays. Upon completion of this paving, Brookline and the MHD will place a moratorium on road work along Route 9 prohibiting street permits for a five-year period. To avoid delaying rehabilitation of the remaining pipeline under Route 9, staff recommends deleting the cleaning and lining of the 2,045 feet of pipeline work on Walnut Street from the future project and adding it to this contract as part of this change order, at the same bid price. If this work is not done as part of this contract, approximately one-half mile of transmission pipeline serving both Brookline and Boston will remain unlined for an additional five years, which could lead to water quality issues and potential service disruptions.

Change Order 1 totals \$616,437, or 8.12% of the original contract amount of \$7,593,250, for an adjusted contract total of \$8,209,687, or \$616,687 over budget. This amount will be covered within the five-year CIP spending cap. There is no increase in contract term. Work on this contract is approximately 19% complete.

Spot Pond Supply Mains, Sections 4, 5, 6, 7, 11, 12, 16W, 57 and 67: P. Gioioso & Sons, Inc., Contract 6381, Change Order 29

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 29 to increase the amount of Contract 6381 with P. Gioioso & Sons, Inc., Spot Pond Supply Mains, Sections 4, 5, 6, 7, 11, 12, 16W, 57 and 67, in an amount not to exceed \$431,680. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 6381 in amounts not to exceed the aggregate of \$250,000.

The original contract included an estimated quantity of 2,500 48-inch diameter internal joint seals at a unit cost of \$680 each. The original estimate was determined assuming a straight run of 30,000 linear feet of pipe with a joint seal at each pipe segment. However, additional joint seals should have been included in the estimate to account for the installation of mechanical and insulation joints to connect the extra sections of pipe required for the specified replacement of blow-off valves and where special castings were needed. Additionally, more police details were required than originally estimated because each city and the State Police (depending on jurisdiction) determine how much manpower is required for each police detail based on work location, traffic patterns and time of day.

Ms. Hicks asked if there will be more change orders on this contract. Mr. DePaola stated there may be more change orders through delegated authority to square away balances.

The cumulative value of all change orders to this contract is \$2,743,754.80, or 14% of the original contract amount of \$19,483,200.00, for an adjusted contract total of \$22,226,954.80, or \$321,954.80 over budget. This amount will be covered within the five-year CIP spending cap. Work on this contract is approximately 99% complete.

Medical Services for Occupational Health and Regulatory Programs: Health Resources Corporation, Contract A449, Amendment 1

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 1 to extend the time for completion of Contract A449 with Health Resources Corporation, Medical Services for Occupational Health and Regulatory Programs, by 12 months to November 30, 2007.

Contract A449 provides medical services for programs that are managed by the Human Resources Department. The major programs serviced by this contract are: 1) pre-placement examination and testing; 2) occupational health related medical monitoring and vaccination services; 3) department of transportation controlled substance and alcohol testing; and 4) return to work/fitness-for-duty examination and testing. The scope of services will remain unchanged for the 12-month extension period, during which time the Human Resources Department will reassess program needs and service requirements.

Sufficient funds are available in the FY07 CEB to fund the first seven months of the contract extension, December 1, 2006 to June 30, 2007; funds will be included in the FY08 CEB to provide sufficient resources for the remaining period.

INFORMATION

MWRA Master Plan: Major Findings on System Needs and Recommended Project Priorities

Marian Orfeo stated because of the extensive nature of the Master Plan documents, staff propose to brief the Board in four stages: September 13, Master Plan overview; October 11, wastewater system needs and recommended projects; November 15, water system needs and recommended projects; December 13, prioritized list of projects in the proposed FY08 CIP.

The Board's Sub-Committee to review long-term rate strategies will soon undertake an assessment of MWRA's debt structure; Board members should be aware of estimates for future capital needs. Staff also expects the Board to set a CIP spending cap for the FY09-13 period as part of the FY08 CIP process. The Board will be able to use the information presented today and in subsequent meetings to make its decision on debt management and future CIP spending levels.

The Plan identifies total wastewater and water needs of approximately \$2.4 billion (in current dollars) in the FY07-28 timeframe, including all projects now in the FY07 CIP.

Delegated Authority Report – June and July

Staff provided a report to the Board listing all delegated authority actions over \$25,000 for the period June 1 through July 31, 2006.

Mr. Mannering questioned the award of a \$986,760 purchase order to Sprague Energy for the supply and delivery of diesel fuel to the Deer Island Thermal Power Plant. Mr. Hornbrook stated an extensive amount of diesel fuel was used in FY06, driven by the increased use of the combustion turbine generators, load response and extreme wet weather.

FY2006 Year End Financial Summary

Director of Finance Patricia Filippone updated the Board on actual financial results for the fiscal year ended June 30, 2006. At the June Board meeting, staff projected an FY06 surplus ranging from \$7 to \$11 million, depending on the final outcome of several important budgetary items. The final FY06 recap now indicates a surplus of \$14.5 million, including \$2.9 million from the retroactive A&F waiver repeal, \$3 million from the Reading entrance fee, \$6.5 million from investment income, load reduction fees from Deer Island and roughly \$2 million from lower than expected electricity costs.

Mr. Mannering noted overspending for workers' compensation that had been referenced in the staff summary. How many outstanding workers' compensation cases does this represent and how old are they? Is there a stop loss on them? Ms. Filippone stated there are 50 workers' compensation cases, of which five cases are very old. The stop loss has been raised to \$500,000 and MWRA does not accrue above the stop loss. The actuarial valuation of outstanding claims resulted in an increase of \$844,000 in reserves for incurred, but not reported, liabilities. This actuary valuation was performed as part of the annual audit and was recommended by KPMG LLP. This procedure has not been performed in prior years.

Mr. Laskey noted the MWRA will be putting funds aside for future payments for health insurance for retirees to ensure funds are available for this liability.

Progress of BWSC-implemented CSO Projects and Projected Financial Assistance through December 2006

Ralph Wallace updated the Board on the status of projects in the long-term CSO Control Plan that are funded by MWRA and implemented by the Boston Water and Sewer Commission (BWSC). Staff plans to transfer \$6,268,122.75 into the BWSC CSO account, consistent with the approved FY07 CIP Budget, to cover anticipated eligible costs in the period July through December 2006.

BWSC continues to make progress on the nine CSO control projects it is responsible for, out of the 35 projects in MWRA's long-term CSO Control Plan.

Union Park Pump Station and CSO Facility: BWSC/MWRA Operations & Maintenance Services Contract Update

The Boston Water and Sewer Commission (BWSC) currently owns and operates (under contract with Woodard & Curran) the Union Park Pumping Station, which is a wet-weather facility that handles combined sewage in the South End of Boston and is staffed 24 hours per day, 7 days per week and typically activates approximately 30 times per year.

As part of a Court Order, MWRA was required to expand the Union Park Pumping Station to include CSO Control. The project is still under construction; partial start-up is tentatively scheduled for December 2006 (with construction completion to follow in spring 2007).

Mr. Carroll asked why the facility is manned 24/7 when it only operates 30 times per year. Mr. Hornbrook responded that BWSC wanted the facility staffed at all times and, therefore, pays 73% of the costs as compared to MWRA's 27%.

Quarterly FES Odor and Corrosion Control Project

Staff provided the Board with an update on the Framingham Extension Odor and Corrosion Control Project. Based upon the limited September 2005 television inspections, the overall system has not deteriorated in the past few years. The cured-in-place linings have proven effective. The Wellesley Extension Sewer Replacement epoxy lining is near or at the end of its useful life and starting to show failure with delamination and corrosion of the concrete behind the lining. Staff will conduct ongoing, cycled inspections to monitor program effectiveness and develop repair project priority and timing.

The number of violations has decreased at all locations to date in 2006. All five municipalities (Ashland, Framingham, Natick, Needham and Wellesley) continue their work to reduce the concentration of sulfide being discharged from their sewer lines into MWRA's system. Framingham anticipates significant improvements downstream of the Speen Street Pump Station when Good Humor-Breyers installs and operates both its temporary and final pretreatment systems.

Mr. Carroll asked about the delamination of the epoxy lining; what is the affect of that? Mr. Trubiano responded that the old lining must be taken out and relined. Mr. Hornbrook stated that the cured-in-place linings have worked well the epoxy linings have been problematic, with a useful life of eight to ten years.

John J. Carroll Water Treatment Plant – First Year of Operation

The John J. Carroll Water Treatment Plant (CWTP) completed its first year of operation on July 27 and has successfully treated flows ranging from 144 to 341 MGD. The plant met all regulatory treatment requirements and has operated reliably with no loss of service during the first year of start-up and debugging. Water quality has generally improved and customer taste and odor complaints have decreased. Stabilization of water quality parameters allows staff to focus more attention on power generation at the Cosgrove Intake Facility and power usage optimization at the plant.

Mr. Mannering asked if ozone will take care of *cryptosporidium* and *giardia* limits. Director of Western Operations David Coppes said ozone will take care of *giardia* limits. Regulations require that there be two independent means of primary disinfection by 2014 to meet the *cryptosporidium* and *giardia* needs. *Cryptosporidium* is harder to inactivate using either chlorine or ozone. Even though the regulations for meeting *cryptosporidium* inactivation will not apply to MWRA until 2014, MWRA has established a goal of exceeding a performance ratio of 1.0. There is currently no requirement for *cryptosporidium* inactivation.

Update on Oakdale Power Station – Valve Replacement

The Oakdale Power Station generates approximately \$165,000 worth of electricity per month as it diverts water from either the Quabbin Reservoir or the Ware River to supplement the Wachusett Reservoir supply. Water from the Ware River or the Quabbin Reservoir enters the Wachusett Reservoir through either the by-pass branch or the turbine branch inside the Oakdale Power Station. The by-pass branch consisted of an inoperable pressure relief valve followed by two 72-inch disc valves in series. Upstream of the turbine, there was an 84-inch turbine isolation disc valve. All three disc valves and the pressure relief valve were more than 60 years old, in disrepair, prone to failure and in need of replacement.

Removal and replacement of these valves was a significant challenge because they were located in a confined space and because water transfer from Quabbin to Wachusett could only be discontinued for construction during historically low water demand months between December and May. To minimize the possibility for delays, a decision was made to competitively bid and pre-purchase all of the major components needed, including the valves, a 20-ton hoist and stop logs. All items were received on time for installation by the general contractor. The project was substantially completed on schedule, in time for Quabbin water transfer to resume in May 2006.

Board Member James Hunt asked if there are opportunities to expand the \$165,000 per month capacity of electricity at the Oakdale Power Station. Mr. Coppes stated the station is running at full capacity to generate the current amounts.

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.