

**MWRA Board of Directors Meeting
February 15, 2012
Voting Summary Sheet**

Item Name	Type	Notes	Vote	Discussion Highlights	Attachments
Approval of Minutes	n/a	n/a	Unanimous		
Report of the Chair	n/a	n/a	n/a	*	
Report of the Executive Director	n/a	n/a	n/a	*	
Proposed FY13 Current Expense Budget	Approval	n/a	Unanimous		*
Approval of the Sixty-Second Supplemental Resolution	Approval	n/a	Unanimous		
Approval of the Sixty-Third Supplemental Resolution	Approval	n/a	Unanimous		
Approval of the MWRA Affirmative Action Plan	Approval	n/a	Unanimous		
PCR Amendments-February 2012	Approval	1 title and location change, 1 grade change, 1 title and grade change Cost: \$33,907-\$24,154	Unanimous		
Appointment of Director of Public Affairs	Approval	n/a	Unanimous		
Community Leak Detection Task Order Services: W293; W293A; W29B; W293C; W293D	Contract Award	5 separate 3-year contracts Total: \$1.2 million	Unanimous		
Oakdale Facility-Phase 1A Upgrade: Ewing Electrical Co., Inc., Contract 7230	Contract Award	\$2.2 million 454 days	Unanimous		
Alewife Brook Pump Station Rehabilitation: Fay, Spofford & Thorndike, LLC, Contract 7034	Contract Award	n/a	Unanimous		
Lynnfield/Saugus Pipeline Project: Albanese Brothers Inc., Contract 6584, Change Order 12	Contract Amendments/Change Orders	Reduce contract by \$67 thousand Total change orders: \$169 thousand over budget	Unanimous		
Installation of Second Gaseous Oxygen Line, Carroll Water Treatment Plant: William M. Collins Co., Contract 7085A, Change Order 2	Contract Amendments/Change Orders	Increase contract by \$299 thousand Total change orders: \$314 thousand over budget	Unanimous		
FY2012 2 nd Quarter Orange Notebook	Information	Two important highlights with the Clinton WWTP During Sept-Dec., above permit due to heavy rain & Infiltration getting into the treatment plant.		*	
Delegated Authority Report-January 2012	Information	n/a	n/a		
Fiscal Year 2012 Mid-Year Capital Project Performance Report	Information	Reported overspending due to timing but expected to stay on track going forward Significant awards approved in the Spot Pond & Pump Station		*	
FY12 Financial Update and Summary as of January 2012	Information	Reported expenses year to date are lower than budgeted by \$2 million Projection for end of year to grow defeasance accounts to very much lower than budgeted		*	*
Rate Basis Data Adjustments Affecting FY12 Assessments	Information	Staff identified sewer adjustments for the City of Chelsea of \$262 thousand		*	

Administration and Finance
 Wastewater
 Water
 Personnel
 * Link to Advisory Board position

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Preliminary FY13 Water and Sewer Assessments	Information	Staff reported that the preliminary assessments are combined at an overall increase of 3.9%		*	*
Update on Watershed Forestry Program	Information	A presentation was made by DCR staff on changes in forestry measurements and highlighted reactions by environmental groups		*	
Draft CSO Annual Progress Report for 2011	Information	A presentation was made on the 2011 CSO Progress report		*	

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MWRA Advisory Board Discussion Highlights
of the
MWRA Board of Directors Meeting
Wednesday, February 15, 2012

- *Please note that this serves to highlight active discussion on agenda items at the Board of Directors meeting.*
- *Language directly from the staff summary is highlighted in grey, while discussion remains in plain text*
- *Please see the attached summary sheet for a complete list of Board actions.*
- *Detailed background information on each agenda item can be found in the Board of Directors packet available on our website at: www.mwraadvisoryboard.com.*
- *PowerPoint presentations made to the Board of Directors have been included in the February Discussion Highlights*

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on January 18, 2012 at the Charlestown Navy Yard. **Present:** Joel Barrera and Michael Gove, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representative , Advisory Board Representatives; James Hunt III, Vincent Mannering and Kevin Cotter, City of Boston Representatives; Jack Walsh, City of Quincy Representative; **Absent:** Chair Rick Sullivan, Gubernatorial Appointee; Marie Turner, Town of Winthrop Representative.

Report of the Chair

Chairman Sullivan was not able to attend the February Board meeting. Vice Chair John Carroll filled in for him. No report was given.

Report of the Executive Director

MWRA Executive Director Fred Laskey noted that the Authority received an award from National Association of Clean Water Agencies for the Combined Sewer Overflow in South Boston. Chief Operating Officer Michael Hornbrook traveled to Los Angeles to receive the award on behalf of the Authority.

Mr. Laskey stated that under the new Massachusetts General Law, Section 29, there is a requirement that the Board of Directors meet for two different reasons without staff. General Counsel Steve Remsberg explained that the two are in regard to A&F, which include personnel and compensation. On an annual basis, the statute says the new committee meets independently and staff is not present at the time as a result of the prior year's audit and response to any board questions. The outside auditors, KPMG, meet us only once a year. Board Secretary Bonnie Hale is the only one that can be present. The finance team cannot be present; the goal is to achieve transparency. The auditor's view is that in order for this to be accomplished, this must be outside the presence of management. Board member Vincent Mannering said he questioned it. Mr.

Remsberg said it was questioned but management is not supposed to be present. Board member John Carroll did not think this made sense. Mr. Remsberg explained this referred to open session not executive session.

Mr. Laskey presented a discussion on the definition of the 100-year storm, 50-year storm, etc. He stated that we can expect to see bigger storms more frequently. This could mean nothing or it could roll into levels of control with our CSO program.

Mr. Laskey also stated that there are plans to hold a Board meeting at the Waterworks Museum in Boston and then do a tour of the museum. If there is no objection, the March or April meeting will be scheduled there.

APPROVALS

Proposed FY13 Current Expense Budget

The Board voted to approve transmittal of the FY13 Proposed Current Expense Budget, as presented and filed with the records of the meeting, to the MWRA Advisory Board for its 60 day review and comment period.

The total expenses include \$377.5 million for capital financing costs and \$262.4 million for operating expenses, of which \$217.1 million is for direct expenses and \$45.2 million is for indirect expenses. Of the \$21.7 million overall increase, \$9.5 million is for capital financing, \$7.8 million is for direct expenses, and \$4.3 million is for indirect expenses.

Approval of the Sixty-Second Supplemental Resolution

The Board voted to adopt the Sixty-Second Supplemental Resolution authorizing the issuance of up to \$450,000,000 of Massachusetts Water Resources Authority General Revenue Bonds and Massachusetts Water Resources Authority General Revenue Refunding Bonds and the supporting Issuance Resolution.

Approval of the Sixty-Third Supplemental Resolution

The Board voted to adopt the Sixty-Third Supplemental Resolution authorizing the issuance of up to \$55,000,000.00 of Massachusetts Water Resources Authority Subordinated General Revenue Bonds and the supporting Issuance Resolution.

Approval of the MWRA Affirmative Action Plan

The Board voted to approve the Massachusetts Water Resources Authority's Affirmative Action Plan effective for a one-year period from January 1, 2012 through December 31, 2012, as presented and filed with the records of the meeting.

PCR Amendments-February 2012

The Board voted to approve amendments to the Position Control Register, as presented and filed with the records of the meeting.

Appointment of Director of Public Affairs

The Board voted to approve the Executive Director's recommendation to appoint Kevin A. McCluskey to the position of Director of Public Affairs (Non-Union, Grade 15) at an annual salary of \$109,500 to be effective on the date designated by the Executive Director.

CONTRACT AWARDS

Alewife Brook Pump Station Rehabilitation: Fay, Spofford & Thorndike, LLC, Contract 7034

The Board voted to approve the recommendation of the Consultant Selection Committee to select Fay, Spofford & Thorndike, LLC to provide design, construction administration, and resident engineering services for the Alewife Brook Pump Station Rehabilitation project and to authorize the Executive Director, on behalf of the Authority, to execute Contract 7034 with Fay, Spofford & Thorndike, LLC in an amount not to exceed \$1,558,446.39 for a term of 1,703 calendar days from the Notice to Proceed.

Community Leak Detection Task Order Services: W293, New York Leak Detection, Inc., W293A, Water & Waste Pipe Testing, Inc., W293B, Liston Utility Services, W293C, ADS Environmental Services, and W293D, Heath Consultants

The Board voted to approve the recommendation of the Consultant Selection Committee to select the following contractors to provide leak detection task order services for MWRA's member communities and to authorize the Executive Director, on behalf of the Authority, to execute the following five separate task order contracts, each for a term of three years from March 1, 2012 through February 28, 2015: Contract W293, Comprehensive Listening Surveys, with New York Leak Detection, Inc., in an amount not to exceed \$200,000; Contract W293A, Comprehensive Listening Surveys, with Water & Waste Pipe Testing, Inc., in an amount not to exceed \$200,000; Contract W293B, Leak Correlation Surveys, with Liston Utility Services, in an amount not to exceed \$200,000; Contract W293C, Leak Correlation Surveys, with ADS Environmental Services, in an amount not to exceed \$200,000; and Contract W293D, Comprehensive Listening Surveys and Leak Correlation Surveys, with Heath Consultants, Inc., in an amount not to exceed \$400,000.

Oakdale Facility-Phase 1A Upgrade: Ewing Electrical Co., Contract 7230

The Board voted to approve the award of Contract 7230, Oakdale Facility-Phase 1A Upgrade, to the lowest responsible and eligible bidder, Ewing Electrical Co., Inc., and authorize the Executive Director, on behalf of the Authority, to execute said contract in the bid amount of \$2,204,318 for a term of 454 days from the Notice to Proceed.

CONTRACT AMENDMENTS/CHANGE ORDERS

Lynnfield/Saugus Pipeline Project: Albanese Brothers, Inc., Contract 6584, Change Order 12

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 12 to decrease the amount of Contract No. 6584 with Albanese Brothers, Inc., Lynnfield/Saugus Pipeline Project, by a net credit amount not to exceed \$67,036.70; and to authorize the Executive Director to approve additional change orders as may be needed to Contract No. 6584 in amounts not to exceed the aggregate of \$250,000, in accordance with the Management Policies of the Board of Directors.

Installation of Second Gaseous Oxygen Line, Carroll Water Treatment Plant: William M. Collins Co., Inc., Contract 7085A, 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. 7085A with William M. Collins Co., Inc., Installation of Second Gaseous Oxygen Line, Carroll Water Treatment Plant, in a lump sum amount of \$298,981.25.

INFORMATION

FY2012 2nd Quarter Orange Notebook

Mr. Michael Hornbrook gave a presentation on the Orange Notebook. He highlighted a few items for the Board. He referenced page 28 of the Orange Notebook and explained that the diagram showed flows of the Clinton Water Treatment Plant. The 12-month running average of flow is also indicated in the chart. During the months of September through December, the MWRA was above the permit limit because of the heavy rain and infiltration inflow getting into the treatment plant. The chart on Ultra Violet 254 at Wachusett Reservoir from December 2010 to September 2011 indicates that there should be an increase in ozonation levels; however there are no regulatory requirements. This includes natural material coming into the reservoir (i.e. leaves, grass, etc.) which is found in the water. The other impact is heavy rainfall and high tributary flows. *Cryptosporidium Inactivation* was also highlighted in the presentation, which was measured by performance.

If you would like to review the highlights of the Orange Notebook presentation, please click [here](#).

Delegated Authority Report-January 2012

No discussion.

Fiscal Year 2012 Mid-Year Capital Project Performance Report

Budget Director Kathy Soni stated that usually in February, staff brings a more comprehensive report on Capital Project Performance. Ms. Soni explained that the Authority is overspending but it is mostly related to timing and it is expected that the Authority will stay on track going forward. The significant awards were approved for in the Spot Pond Storage Facility and Deer Island Pump Station contracts. The Authority did very well with awards; they came in under 35% of the projected cost.

FY12 Financial Update and Summary as of January 2012

Director of Administration and Finance Rachel Madden explained that year-to-date expenses are lower than budgeted by \$2.0 million or 0.6%, mainly due to lower direct expenses of \$1.5 million, indirect expenses of \$477,000, and higher total non-rate revenues of \$745,000, for a net variance of \$2.7 million. The additional savings for under spending is at \$4 million.

Mr. Mannering asked about the debt service for the month of January, it was not showing any savings and he wanted to know why. Ms. Madden explained that the funds were transferred to the defeasance account established by the Board last month making that line item go to zero.

Rate Basis Data Adjustments Affecting FY13 Assessments

Deputy Chief Operating Officer Rick Tribiano explained that the staff summary on Rate Basis Data has some adjustments. Staff has identified the changes from a couple of years ago. As a result of the updated data, the City of Chelsea's assessments will increase by about \$262 thousand. This payment will be spread over three years, and add interest.

Board member Joseph Foti asked for clarity on the City of Chelsea approaching the Authority with those plans. Mr. Tribiano confirmed that the request came from the City of Chelsea.

Preliminary FY13 Water and Sewer Assessments

Ms. Madden explained that preliminary assessments are combined at an overall increase of 3.9%. Mr. Laskey asked if the communities have the preliminary assessments in advance to help them plan their budget. Ms. Soni said yes to this question.

Board member Andrew Pappastergion asked if the overall system sales are down and if the change in the percent per share of the system is what is driving it down. Assistant Manager of Rates, Revenue & Finance Leo Norton replied yes to the question.

Board member John Carroll asked how the rates for the water and sewer customers have increased. Mr. Norton explained that last spring, depending on the weather, the average use of water had declined. Typically, the water was only used based on need and dependency.

Update on Watershed Forestry Program (presentation)

Mr. Laskey distributed information to the Board on a growing discussion on the logging program out at the Quabbin. Just as background information, DCR Director of the Division of Water Supply Protection Jonathan Yeo was present to discuss the topic. Mr. Yeo explained that changes in some of the forestry measurements have gained some attention toward the environmental communities. When this news spread, Forestry was put on hold and Environment Massachusetts has made the pitch to support a permanent ban on logging. They are now going door to door to residents. Mr. Laskey explained that the group actually knocked on his door one night when he was not home and provided some misinformation. His wife was home and the group explained to her that they believe that logging in the watershed areas can harm the drinking water.

Mr. Carroll stated that three or four letters have been drafted that explained what we are doing right now at the Authority. However, none of these letters have mentioned that a contract was given to an irresponsible contractor. Mr. Carroll believed that this was really the problem.

Mr. Yeo stated that this was the case but there were no impacts to the water supply, it was more aesthetic issues. Mr. Yeo gave a presentation along with Tom Snowman who is knowledgeable on forest policy guru and is an environmentalist.

Mr. Carroll asked why DCR did not admit that a mistake was made. The photography in the presentation does not recognize this and it should be acknowledged. Mr. Yeo explained that there was a website put together for this purpose. DCR has also participated in road shows, etc. Environment Massachusetts has never been here so they are not fully aware of what DCR does. These groups do not want to engage with DCR on this matter, even though there have been an attempts to engage in conversation with them. Mr. Carroll went on to say that the letters are not hard hitting. Mr. Yeo said that DCR is heavily regulated by DEP and EPA and never had any problems. A group of scientists have been participating on an advisory committee to review DCR's program; DCR is currently waiting to hear from Paul Barton of UMass to release his report on this topic.

Mr. Hunt asked for a list of those individuals that are on the committee along with their background information.

Mr. Carroll asked that DCR admit to their error and provide some photos in a letter that would describe this. Mr. Yeo agreed that it is something that should be done.

MWRA Advisory Board Executive Director Joseph Favaloro stated with all the misinformation circulating within the communities the Advisory Board sent out a letter by Jonathan Yeo that outlines Forestry operations. The AB is concerned that it has been nearly two years since the moratorium on logging was initiated. The report which would review Forestry operations is nowhere to be found. Mr. Favaloro stated that he questioned the motivation of this committee and I am hoping the Secretary of the Executive Office of Energy and Environmental Affairs will help move this process forward.

Draft CSO Annual Progress Report for 2011

Staff gave a presentation on the calendar year 2011 CSO Progress Report. Mr. Hunt asked if we are going to hear about all of these cities around the country doing this or are we being benchmarked? We have heard that Philadelphia has a \$1 billion screening program, which is a nice plan but has not done the same work as we do here. MWRA staff explained that the last time we saw something like that was in 2002, when Congress looked at what is remaining and how do we handle that. Mr. Hornbrook stated that New York and Washington are just starting. We can put together a spreadsheet on implementation and performance. Some of these cities do not have as good of a performance as Massachusetts.

If you are interested in viewing the full presentation, please click [here](#).

ATTACHMENT A
FY13 Proposed vs FY12 Budget

TOTAL MWRA	FY11 Actual	FY12 Budget	FY13 Proposed	Change	
				FY13 Proposed vs FY12 Budget	
				\$	%
EXPENSES					
WAGES AND SALARIES	\$ 88,505,698	\$ 90,319,013	\$ 94,122,594	\$ 3,803,581	4.2%
OVERTIME	3,899,296	3,508,630	3,684,062	175,432	5.0%
FRINGE BENEFITS	17,357,068	17,954,076	18,803,154	849,078	4.7%
WORKERS' COMPENSATION	2,228,175	2,100,000	2,100,000	-	0.0%
CHEMICALS	8,697,048	9,047,275	10,371,752	1,324,477	14.6%
ENERGY AND UTILITIES	21,977,295	22,654,931	23,966,664	1,311,733	5.8%
MAINTENANCE	27,964,126	29,470,020	28,333,643	(1,136,377)	-3.9%
TRAINING AND MEETINGS	127,569	251,550	385,617	134,067	53.3%
PROFESSIONAL SERVICES	5,638,343	5,892,441	5,766,212	(126,229)	-2.1%
OTHER MATERIALS	4,327,538	4,765,482	5,603,469	837,987	17.6%
OTHER SERVICES	23,551,459	23,323,074	23,998,784	675,710	2.9%
TOTAL DIRECT EXPENSES	\$ 204,273,615	\$ 209,286,493	\$ 217,135,953	\$ 7,849,460	3.8%
INSURANCE	\$ 1,002,044	\$ 2,285,866	\$ 2,037,875	\$ (247,991)	-10.8%
WATERSHED/PILOT	24,709,345	25,576,274	26,433,175	856,901	3.4%
HEEC PAYMENT	3,875,371	3,965,499	3,741,915	(223,584)	-5.6%
MITIGATION	1,474,834	1,528,705	1,566,923	38,218	2.5%
ADDITIONS TO RESERVES	(407,581)	195,467	970,958	775,491	396.7%
RETIREMENT FUND	5,342,856	7,340,438	5,750,085	(1,590,353)	-21.7%
POSTEMPLOYMENT BENEFITS	-	-	4,724,291	4,724,291	
TOTAL INDIRECT EXPENSES	\$ 35,996,869	\$ 40,892,249	\$ 45,225,222	\$ 4,332,973	10.6%
DEBT SERVICE (before offsets)	\$ 360,157,926	\$ 368,329,918	\$ 377,496,538	\$ 9,166,620	2.5%
VARIABLE RATE DEBT/OTHER		-	-	-	
BOND REDEMPTION				-	
DEBT SERVICE ASSISTANCE		(350,000)		350,000	-100.0%
TOTAL DEBT SERVICE	\$ 360,157,926	\$ 367,979,918	\$ 377,496,538	\$ 9,516,620	2.6%
TOTAL EXPENSES	\$ 600,428,405	\$ 618,158,660	\$ 639,857,713	\$ 21,699,053	3.5%
REVENUE & INCOME					
RATE REVENUE	\$ 569,800,000	589,700,000	\$ 612,617,105	\$ 22,917,105	3.89%
OTHER USER CHARGES	7,218,641	7,142,494	7,845,688	703,194	9.8%
OTHER REVENUE	7,335,377	4,872,342	5,831,445	959,103	19.7%
RATE STABILIZATION	5,029,744	1,091,781		(1,091,781)	-100.0%
INVESTMENT INCOME	15,193,091	15,352,043	13,563,475	(1,788,568)	-11.7%
TOTAL REVENUE & INCOME	\$ 604,576,854	\$ 618,158,660	\$ 639,857,713	\$ 21,699,055	3.5%

ATTACHMENT 1

	January 2012 Year-to-Date					
	Period 7 YTD Budget	Period 7 YTD Actual	Period 7 YTD Variance	%	FY12 Approved	% Expended
EXPENSES						
WAGES AND SALARIES	\$ 48,779,007	\$ 48,492,108	\$ (286,899)	-0.6%	\$ 90,319,013	53.7%
OVERTIME	2,016,001	2,089,679	73,678	3.7%	3,508,630	59.6%
FRINGE BENEFITS	10,404,179	10,272,073	(132,106)	-1.3%	17,954,076	57.2%
WORKERS' COMPENSATION	1,225,000	768,374	(456,626)	-37.3%	2,100,000	36.6%
CHEMICALS	5,425,084	5,183,834	(241,250)	-4.4%	9,047,275	57.3%
ENERGY AND UTILITIES	12,779,694	13,153,391	373,697	2.9%	22,654,931	58.1%
MAINTENANCE	15,425,977	14,672,196	(753,781)	-4.9%	29,470,020	49.8%
TRAINING AND MEETINGS	105,874	69,540	(36,334)	-34.3%	251,550	27.6%
PROFESSIONAL SERVICES	3,110,548	2,894,605	(215,943)	-6.9%	5,892,441	49.1%
OTHER MATERIALS	1,937,745	1,788,667	(149,078)	-7.7%	4,765,483	37.5%
OTHER SERVICES	13,171,733	13,522,315	350,582	2.7%	23,323,074	58.0%
TOTAL DIRECT EXPENSES	\$ 114,380,842	\$ 112,906,782	\$ (1,474,061)	-1.3%	\$ 209,286,493	53.9%
INSURANCE	\$ 1,318,772	\$ 1,044,508	\$ (274,264)	-20.8%	\$ 2,285,870	45.7%
WATERSHED/PILOT	14,755,543	14,618,457	(137,086)	-0.9%	25,576,274	57.2%
BECo PAYMENT	2,170,919	2,101,930	(68,989)	-3.2%	3,965,500	53.0%
MITIGATION	881,942	862,257	(19,685)	-2.2%	1,528,700	56.4%
ADDITIONS TO RESERVES	112,769	112,769	-	0.0%	195,467	57.7%
RETIREMENT FUND	7,340,438	7,363,170	22,732	0.3%	7,340,438	100.3%
POST EMPLOYEE BENEFITS	-	-	-	---	-	---
TOTAL INDIRECT EXPENSES	\$ 26,580,383	\$ 26,103,091	\$ (477,292)	-1.8%	\$ 40,892,249	63.8%
DEBT SERVICE	\$ 207,589,529	\$ 207,589,529	\$ -	0.0%	\$ 367,979,918	56.4%
DEBT SERVICE ASSISTANCE	(201,923)	(201,923)	-	0.0%	-	---
TOTAL DEBT SERVICE	\$ 207,387,606	\$ 207,387,606	\$ -	0.0%	\$ 367,979,918	56.4%
TOTAL EXPENSES	\$ 348,348,831	\$ 346,397,479	\$ (1,951,353)	-0.6%	\$ 618,158,660	56.0%
REVENUE & INCOME						
RATE REVENUE	\$ 340,211,539	\$ 340,211,539	\$ -	0.0%	\$ 589,700,000	57.7%
OTHER USER CHARGES	4,649,340	4,725,949	76,609	1.6%	7,142,495	66.2%
OTHER REVENUE	3,323,535	3,897,063	573,528	17.3%	4,872,342	80.0%
RATE STABILIZATION	629,873	629,873	-	0.0%	1,091,780	57.7%
INVESTMENT INCOME	8,717,339	8,812,141	94,802	1.1%	15,352,043	57.4%
TOTAL REVENUE & INCOME	\$ 357,531,625	\$ 358,276,564	\$ 744,939	0.2%	\$ 618,158,660	58.0%