



Advocacy & Accountability

Representing Over 3 Million People in Massachusetts Communities Since 1985

MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, September 19, 2018

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on Wednesday, September 19, 2018, at the Charlestown Navy Yard. Present: Jennifer Wolowicz and Brian Peña, Gubernatorial Appointees; John Carroll, Joe Foti, and Andrew Pappastergion, MWRA Advisory Board Representatives; Henry Vitale and Kevin L. Cotter, City of Boston Representatives; John J. Walsh, City of Quincy Representative. Absent: Secretary Beaton, Gubernatorial Appointee; and Paul Flanagan, Town of Winthrop Representative. (Boston currently has a vacancy.)

Report of the Chair

In the absence of the Chairman, there was no Report of the Chairman. In the absence of the Chair, John Carroll, Vice-Chairman, served as the Chairman.

Report of the Executive Director

The Executive Director recognized Steven Remsberg, General Counsel, announcing that Mr. Remsberg is retiring and recognized his contributions to the Authority.

Approvals

Approval of Minutes

The Board voted to approve the minutes from the July 18, 2018 Board of Directors meeting.

PCR Amendments for September 2018

The Board voted to approve amendments to the Position Control Register (PCR) for September 2018, as presented and filed with the records of the meeting.

The three PCR changes, including two new positions, were in the Tunnel Redundancy Program; the Operations Division reflects changing one position to reflect staffing needs.

Appointment of Director, Procurement

The Board voted to approve the appointment of Mr. Douglas Rice to the Position of Director, Procurement (Non-Union, Grade 16) in the Administration Division, at an annual salary of \$147,556, commencing on a date to be determined by the Executive Director.

Appointment of Manager, Occupational Health and Safety, Administration

The Board voted to approve the appointment of Mr. Matthew Dam to the position of Manager, Occupational Health & Safety (Non-Union, Grade 14) in the Administration Division, at an annual salary of \$133,574, commencing on a date to be determined by the Executive Director.

Appointment of Manager, Training and Development, Human Resources

The Board voted to approve the appointment of Mr. Imad Sandakly to the position of Manager, Training & Development, (Non-Union, Grade 14) in the Administration Division, at an annual salary of \$117,300, commencing on a date to be determined by the Executive Director.

Appointment of Manager, Power Generation, Deer Island

The Board voted to approve the appointment of Mr. Vinh Nguyen to the position of Manager, Power Generation (Unit 6, Grade 12), at an annual salary of \$107,875.60, commencing on a date to be determined by the Executive Director.

Appointment of Senior Program Manager, Water Quality, ENQUAL

The Board voted to approve the appointment of Ms. Kimberly LeBeau to the position of Senior Program Manager, Water Quality (Unit 9, Grade 30), at an annual salary of \$130,406.12, commencing on a date to be determined by the Executive Director.

Appointment of Director, Design and Construction, Tunnel Redundancy

The Board voted to approve the appointment of Mr. Frederick Brandon to the position of Director, Design and Construction, Tunnel Redundancy Department (Non-Union, Grade 16) at an annual salary of \$148,000 commencing on a date to be determined by the Executive Director.

Bond Defeasance of Future Debt Service

The Board voted to authorize the Executive Director or his designee, on behalf of the Authority, to enter into, execute and deliver all necessary agreements and other instruments and to take such other actions necessary to effectuate the redemption and defeasance of an aggregate principal amount of \$13,930,000 or outstanding MWRA senior bonds including to cause the escrow or cash and/or securities in an amount necessary to fund such redemption and defeasance, in order to reduce the debt service requirement by \$15,538,400 in the FY20 through FY22 timeframe.

Staff highlighted approaches to using the year-end surplus, or portions thereof, for balancing rates in subsequent years including options that provide the most flexibility and the most impact on rate revenue requirement in future years. Staff proposed \$13.9 million worth of bonds which would result in a reduction in the debt service requirement of \$15.5 million in the FY20 through FY22 timeframe (by paying the bonds off

early). Staff also addressed a question regarding using a portion of the surplus to reduce the OPEB liability, which would be optional. The Authority's approach is to accrue half of the ARC every year. Use of surplus for a defeasance affords the Authority more flexibility in addressing multi-year rates management goals.

Deer Island HEEC Cable Funding

The Board voted to authorize the Executive Director or his designee, on behalf of the Authority, to reach an understanding with Harbor Electric Energy Company (HEEC) regarding the application of progress payments as and when made by MWRA "on account" including prior to completion of the cable to keep HEEC's interim construction financing and borrowing costs to a minimum relative to HEEC's expenditures upon the new cross harbor electric cable, all consistent with the provisions of the parties' May 9, 2017 Memorandum of Agreement approved by the Board of Directors on May 8, 2017.

Staff explained that the goal of the proposal was to share in the cost of the financing of the costs of the construction of the cable during the construction period. In so doing, some of the financing costs during construction can be reduced.

[triple check the wording of this item.....]****

Contract Awards

Supply and Delivery of Sodium Hypochlorite to the Deer Island Treatment Plant: Borden & Remington Corporation, Bid WRA-4552

The Board voted to approve the award of Purchase Order Contract WRA-4552, a one-year contract for the supply and delivery of sodium hypochlorite to the Deer Island Treatment Plant, to the lowest responsive bidder, Borden & Remington Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute said purchase order contract in an amount not to exceed \$1,613,683.48 for a period of one year, from November 17, 2018 through November 16, 2019.

Staff noted that the cost was a substantial increase, and that one of the contributing factors was the components of sodium hypochlorite was caustic soda which internationally has become very important especially in the Asian markets. Production was also impacted significantly by Hurricane Harvey in August 2017. Also, trucking costs have gone up significantly.

Supply, Delivery and Disposal of Regenerated Activated Carbon to the Deer Island Treatment Plant: Carbon Activated Corporation, Bid WRA 4554

The Board voted to approve the award of Purchase Order Contract WRA-4554, a three-year contract for the supply, delivery and disposal of regenerated activated carbon for the Deer Island Treatment Plant, to the lowest responsive bidder, Carbon Activated Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute said purchase order contract in an amount not to exceed \$1,110,750 for a period of three years, from December 11, 2018 through December 10, 2021.

There was a preliminary ruling from Massachusetts Department of Public Utilities that Eversource cable is entitled to charge MWRA an allowance for funds used during construction. Staff described cost pressures on the purchase of activated carbon including increases to the raw materials used in the product (from China due to international increases in new tariffs), as well as increases in trucking costs. Staff noted these developments have been the case for all chemical contracts in recent years.

Struvite, Scum, Sludge and Grit Removal Services at the Deer Island Treatment Plant: Moran Environmental Recovery, Bid WRA-4551

The Board voted to approve the award of Purchase Order Contract WRA-4551, a two-year contract to provide struvite, scum, sludge and grit removal services at the Deer Island Treatment Plant, to the lowest responsive bidder, Moran Environmental Recovery, LLC, and to authorize the Executive Director, on behalf of the Authority, to execute said purchase order contract in an amount not to exceed \$901,960 for a period of two years, from September 19, 2018 through September 18, 2020.

Staff highlighted the importance of preventing the buildup of struvite especially at Deer Island, where it is controllable. (See Power Point presentation discussing how struvite builds up and approaches to controlling the build-up of the material.)

Demolition of Section 56 Water Main, General Edwards Bridge: R. Zoppo Corporation, Contract 7536

The Board voted to approve the award of Contract 7536, Demolition of Section 56 Water Main, General Edwards Bridge, to the lowest responsible and eligible bidder, R. Zoppo Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute said contract, in the bid amount of \$1,898,500, for a contract term of 150 calendar days from the Notice to Proceed.

(There was no further discussion.)

Contract Amendments/Change Orders

Dental Insurance: Delta Dental of Massachusetts, Contract A613, Amendment 1

The Board voted to approve Amendment 1 to Contract A613, with Delta Dental of Massachusetts, exercising the first option to renew, increasing the contract amount by \$360,000, from \$352,000 for a total not-to-exceed amount of \$712,000, and extending the term for twelve months from January 1, 2019 to December 31, 2019.

Staff noted that the effective increase in the contract cost is 2%.

Chelsea Creek Headworks Upgrade: BHD/BEC JV 2015, A Joint Venture, Contract 7161 Change Order 18

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 18 to Contract 7161, Chelsea Creek Headworks Upgrade, with BHD/BEC 2015, A Joint Venture, for an amount not to exceed \$400,000.00, increasing the contract amount from \$79,438,131.46 to \$79,838,131.46, with no increase in contract term.

Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 7161 in an amount not to exceed the aggregate of \$250,000, in accordance with the Management Policies and Procedures of the Board of Directors.

Staff described the work to be done under this change order, with particular reference to the demolition of the existing 160-foot microwave antenna tower and the construction of a new 160-foot tower with a new foundation at another location on the site.

Northern Intermediate High Section 110 – Stoneham and Wakefield: Albanese D&S, Inc., Contract 7478, Change Order 13

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 13 to Contract 7478, Northern Intermediate High Section 110 – Stoneham and Wakefield, with Albanese D&S, Inc., for a net amount not to exceed \$5,132.00, increasing the contract amount from \$18,567,415.21 to \$18,572,547.21, with no increase in the contract term.

Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 7478 in an amount not to exceed the aggregate of \$250,000, in accordance with the Management Policies and Procedures of the Board of Directors.

(There was no further discussion.)

Wachusett Aqueduct Pumping Station: BHD/BEC JV 2015, A Joint Venture, Contract 7157, Change Order 51

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 51 to Contract 7157, Wachusett Aqueduct Pumping Station, with BHD/BEC JV, A Joint Venture, for a lump sum of \$273,755.00, increasing the contract amount from \$50,144,832.03 to \$50,418,587.03, with no increase in contract term.

Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 7157 in an amount not to exceed the aggregate of \$250,000, in accordance with the Management Policies and Procedures of the Board of Directors.

Staff, in answer to a question, also explained the number of change orders that accumulate as a contract nears completion reflecting a number of smaller items that need to be addressed.

Information

Review and Update of MWRA's Policies and Procedures

Staff reviewed the approach to the review of the existing Policies and Procedures that govern and guide staff in their daily activities. Staff regularly reviews the Policies and Procedures, and, more often than not, update the current procedures. Staff plan to conduct a comprehensive review of all the Policies and Procedures. Most of the updates are minor in nature; there are others that require a more in-depth review such as the salary continuation policy.

FY2018 Fourth Quarter Orange Notebook

Staff highlighted several issues. Among them were water use and reservoir storage and Deer Island Treatment Plant maintenance metrics (such as equipment availability). Staff also addressed preventive (usually based on a time schedule) and predictive maintenance (based on a condition) as distinct from corrective maintenance (which takes a lot more time). (See the Staff Summary and the highlighted pages.)

Delegated Authority Report for July and August 2018

(See Staff Summary.)

Fiscal Year 2018 Capital Improvement Program Spending Report

Staff reported on capital spending during FY 2018 and emphasized the role of reporting the spending status during the year not only to report to the Board of Directors, but also to provide a record of issues during the year for use by the staff for monitoring going forward. The capital program is a continuous program: individual projects will have a beginning and an end, while the capital program (the entire Capital Improvement Program) goes on in perpetuity. Staff continues this reporting and analysis throughout the fiscal year including at the time of the proposed budget for the year ahead as well as the final budget. The September report provides a twelve-month view of capital spending over the previous twelve months. The largest variances come from large projects and projects that are under way.

Fiscal Year 2018 Year-End Financial Reports

Staff reported on current expense budget spending, and highlighted the role of greater than budgeted revenues in contributing to the favorable budget spending by year-end. (See Staff Summary.)

Update on Water Quality

(Verbal Report; see Power Point presentation.)

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