



**MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, April 14, 2010**

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on April 14, 2010 at the Charlestown Navy Yard. **Present:** Chair Ian Bowles, Joel Barrera and Michael Gove, Gubernatorial Appointees; John Carroll and Joseph Foti, Advisory Board Representatives; Vincent Mannering, Kevin Cotter and James Hunt III, City of Boston Representatives; Jack Walsh, City of Quincy Representative; Marie Turner, Town of Winthrop Representative. **Absent:** Andrew Pappastergion, Advisory Board Representative.

REPORT OF THE CHAIR

Chairman Ian Bowles thanked staff for their hard work during the significant storm events of March 2010, stating that he had the opportunity to go out to Deer Island during the first large deluge and saw the efforts of staff first hand.

REPORT OF THE EXECUTIVE DIRECTOR

MWRA Executive Director Fred Laskey stated that the MWRA received a good bond rating from Fitch.

Mr. Laskey stated that staff did an underwater examination of key locations looking for signs of zebra mussels and couldn't find any evidence of them. A particular type of concrete that attracts zebra mussels will be placed at strategic locations to track them if they are present.

On a positive note, Mr. Laskey said he would like to thank and congratulate staff that worked on the Committee to raise more than \$16,000 for Partners in Health to benefit Haiti earthquake victims.

MWRA still hopes to construct wind turbines at Nut Island in Quincy. Staff met with Chris Walker from the mayor's office who discussed the idea of Quincy buying into the project, paying 25% of the cost to gain the benefit of 25% of the revenues from the wind turbines. (Deer Island Treatment Plant Director John Vetere added that Quincy has indicated that it has \$4 million to contribute to the wind turbine project to construct a 1.5 Megawatt turbine at Nut Island.) Pay back, with grants, would be eight years.

Board Member James Hunt noted that the City of Boston has also held discussions with the City of Quincy on wind turbines. What would Quincy's involvement mean to other communities that have already welcomed turbines? Those communities should have similar opportunities.

Chairman Bowles said the sense of the Board is to move forward; Board Member Jack Walsh stated that MWRA staff should work with the Mayor and the City Council and attend the meetings to see where the parties stand and negotiate to iron out the appropriate mitigation issue. Mr. Laskey stated that Winthrop wants to take part in that conversation as well.

APPROVALS

AMENDMENT TO FIFTY-EIGHTH SUPPLEMENTAL RESOLUTION

The Board voted to adopt an amendment to the fifty-eighth Supplemental Resolution authorizing the issuance of up to \$310,000,000.00 of Massachusetts Water Resources Authority General Revenue Bonds and Massachusetts Water Resources Authority General Revenue Refunding Bonds and the supporting Issuance Resolution.

On February 10, 2010, the Board approved the issuance of \$100 million in new money General Revenue Bonds and \$150 million in General Revenue Refunding Bonds. The \$150 million in refunding bonds was comprised of \$75 million for restructuring of the 2008 Series D and E bonds and \$75 million in refunding for savings. This approval will increase the refunding for savings component by \$60 million, increasing the total refunding for savings from \$75 million to \$135 million and will be refunded solely for interest rate savings, with little change to the principal amortization.

There are sufficient funds available in the FY10 CEB to pay the debt service costs associated with these borrowings. The restructuring portion will reduce debt service in the near term and increase debt service between FY14 and FY22. The potential refunding for savings component would reduce future debt service. The amount of the potential reduction will be determined based upon market conditions and the ultimate pricing of the refunding transaction.

SIX-MONTH REVIEW OF ADMINISTRATION & FINANCE REORGANIZATION AND ASSOCIATED PROPOSED AMENDMENTS TO THE BOARD'S MANAGEMENT POLICIES

The Board voted to approve the adoption of amendments to the Board's Management Policies to bring a delegation of authority for procurement functions into conformance with the newly created Administration and Finance Division.

At the October 2009 meeting, the Board approved organizational changes that combined the Support Division and the Finance Division into a consolidated Administration and Finance Division (A&F). This consolidation resulted in the elimination of the Managing Director's position and the creation of the Director and Deputy Director of Administration and Finance. These positions were filled through the internal promotions of Rachel Madden and Michele Gillen, respectively. Their former positions as Director of Finance and Director of Real Property and Environmental Management were not backfilled and those duties and responsibilities continue to be satisfied by Ms. Madden and Ms. Gillen. In addition, the position of Managing Director was eliminated.

To date, the transition has been successful and the two former divisions have been fully integrated into one. Staff believe that no additional organizational changes are necessary; however, staff did recommend a technical revision to existing delegation of procurement authority to the Director of Procurement in the Management Policies be changed to the Deputy Director, Administration and Finance. The changes in the Management Policies will have no budgetary impacts.

Board Member Joseph Foti noted that the Deputy Director should be directly under the Director of Administration and Finance. The organizational chart puts the Deputy Director only over certain pieces. Michele Gillen should be more involved.

Board Member Vincent Mannering asked who would be in charge if Ms. Madden were to be absent. Ms. Madden responded that Michele Gillen would be in charge of day-to-day operations and there is a structure in place that works well. Ms. Gillen is included in weekly staff meetings and is well integrated into her senior staff position.

Board Member Joel Barrera agreed that visually, the Deputy Director should go under the Director and he requested that staff do a language change and come up with a final visual representation.

Mr. Laskey state that the organization chart is intended to reflect day-to-day operations of the organization, not to reflect what happens if someone is out on vacation and that he believes the reorganization has worked well.

CONTRACT AWARDS

PURCHASE OF PERSONAL COMPUTERS: HEWLETT PACKARD

The Board voted to approve the award of a purchase order for 780 Personal Computers (PCs) to Hewlett Packard under State Blanket Contract ITC44 and authorize the Executive Director to execute said purchase order in the amount of \$592,823.40.

This purchase targets the replacement of PCs that are six years old and older and supports the implementation of Microsoft Office 2007. In addition to replacing MWRA's oldest PCs with energy-efficient ones, this purchase will also support increasing technology requirements and reduce out-of-warranty inventory. Network, security, application and web service technology advancements continue to put additional demands on PC resources (memory, processing speed, storage, etc.).

Under the State Blanket Contract, the Commonwealth of Massachusetts negotiated a 20% off retail, high volume discount with Hewlett Packard, for which MWRA is eligible. The timetable for PC deployment is expected to be two to three months. Mr. Barrett noted that the "bulk buy" of these computers brought the total discount to 48%.

The FY10 Current Expense Budget includes \$480,000.00 for Computers. The additional \$113,000.00 required for this purchase will be absorbed within the FY10 Current Expense Budget.

Mr. Mannering asked if the Authority has an Information Technology (IT) plan and has the Authority looked into "thin computing"; everyone doesn't need a "C" drive. Acting MIS Director Joseph Barrett stated that "thin computing" could be a possibility for the Authority for certain users. Technical Operations Manager Ken Carlson added that the MWRA's computer infrastructure would need to change for thin computing.

POWER PURCHASE AND SITE LICENSE AGREEMENT SOLAR PHOTOVOLTAIC SYSTEM – DITP: BROADWAY ELECTRICAL CO., INC., CONTRACT S484

The Board voted to approve the award of Contract S484, Power Purchase and Site License Agreement Solar Photovoltaic System at the Deer Island Treatment Plant, to Broadway Electrical Co., Inc., and to authorize the Executive Director, on behalf of the Authority, to execute said contract in an amount not to exceed \$409,651.00 for a contract term from the Notice to Proceed until the twentieth anniversary of the system Commercial Operation Date.

As part of MWRA's continued commitment to maximize renewable energy resources, a Request for Proposals/Bids (RFP/B) was issued in February 2010 to solicit a Solar Power Purchase Agreement (SPPA), which is a financial arrangement in which a third-party developer designs, procures, installs, commissions, owns, operates and maintains the Photovoltaic (PV) system and the host customer agrees to site the system on its property and purchase the system's electric output from the solar services provider for a predetermined period. This financial arrangement allows the host customer to receive stable and lower-cost electricity, while the solar service provider or another party provides equity financing and acquires valuable financial benefits such as tax credits and the income generated from the sale of electricity to the host customer. The SPPA structure was selected to best leverage private capital and the American Recovery and Reinvestment Act (ARRA) funds that are being made available to MWRA through the Department of Energy Resources (DOER).

DOER is providing MWRA \$1,137,500 in ARRA funding to help defray the capital cost of the PV system and to reduce the power purchase price. This single lump sum payment will be transferred from DOER to MWRA. MWRA will ultimately pass the payment on to the owner/operator upon successful commercial operation of the PV system. As a condition of receiving the ARRA funding, DOER is requesting that MWRA agree to appropriate a portion of any electricity cost savings for future MWRA renewable energy or efficiency projects. The electricity cost savings will be calculated as the difference between the price of the solar electricity under this SPPA and the price of what MWRA would be paying for electricity if purchased from the grid, multiplied by the guaranteed annual solar electricity output annually. These savings could be approximately \$25,000 per year or \$500,000 through the entire contract term. MWRA staff recommended that this requirement be accepted by the Board.

ALEWIFE BROOK PUMP STATION REHABILITATION: CAMP DRESSER & MCKEE, INC., CONTRACT 6937

The Board voted to approve the recommendation of the Consultant Selection Committee to select Camp Dresser & McKee, Inc. to provide design and construction administration and resident inspection services for the Alewife Brook Pump Station Rehabilitation project and to authorize the Executive Director, on behalf of the Authority, to execute a contract with Camp Dresser & McKee, Inc. in an amount not to exceed \$1,047,372.00 for a term of 1,430 calendar days from the Notice to Proceed.

In 2006, MWRA completed a Conceptual Design Report for improvements to the Alewife Brook Pump Station that recommended replacement of the influent screens (which have experienced operational and maintenance issues) and the three wet-weather pumps (which are original equipment and are discharging with less efficiency). Since completion of the Conceptual Design Report, staff has identified other pump station needs as follows: Contract 6937 will also provide design and construction administration services for the modification of the influent channels to accommodate in-line grinders (or new screens of different geometry), installation of suction isolation valves, including modification of the wetwell and pump room, evaluation and upgrades to security systems, including integration with the existing telecommunications system, evaluation and repair or replacement of the roof, evaluation and replacement of the wastewater metering system, installation of a day tank to serve the heating system boilers, painting of interior surfaces, installation of depth sensors in the discharge channel, replacement of motorized operators for the two influent and one effluent sluice gates, installation of hatches to separate the wetwell junction chamber from the motor room, evaluation and updating of the station for code compliance and modifying the station's SCADA system to incorporate new equipment.

The FY10 CIP includes a budget of \$568,000.00 for Contract 6937; the contract award is \$1,047,372.00 or \$479,372.00 over budget. The FY10 CIP budget for Contract 6937 was based on replacement of pumps, motors, shafts, discharge piping and valves, and replacement of screens with in-channel grinders but did not reflect design and construction administration costs associated with other pump station improvements, which were added to the project subsequent to approval of the FY10 CIP. This amount will be covered within the five-year CIP spending cap.

CONTRACT AMENDMENTS/CHANGE ORDERS

PRETREATMENT INFORMATION MANAGEMENT SYSTEM: INFLECTION POINT SOLUTIONS, LLC, CONTRACT 6177D, AMENDMENT 2

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment No. 2 to extend the term of Contract No. 6177D with Inflection Point Solutions, LLC, Pretreatment Management Information Systems, by 22 months to October 20, 2013, with no increase in contract amount or change in scope of services. Further, to authorize the Executive Director to: (1) extend the implementation phase and Final Acceptance of software license and installation services to October 20, 2010, and (2) issue subsequent Notices to Proceed annually on the date of Final Acceptance, for Software Maintenance Services totaling \$31,525.00 in the not-to-exceed amounts of \$10,000.00 in year one, \$10,500.00 in year two and \$11,025.00 in year three, if recommended by staff.

MWRA entered into an agreement with Inflection Point Solutions, LLC (IPS) to provide software license, installation and maintenance services on December 21, 2006, in the amount of \$1,079,996 for a term of five years. The contract consisted of an Implementation Phase (two years) and Software Maintenance Phase (three years). The Board authorized the Executive Director to approve 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, and subsequent Notices to Proceed annually for maintenance services at specified annual amounts totaling \$31,525 for the following three years.

A Notice to Proceed on Implementation Phase services was issued on December 21, 2006 and installation and programming commenced. Amendment 1 was approved under delegated authority in July 2009 in the amount of \$225,500 to pay for three unanticipated scope changes: 1) upgrades to the web-based self-monitoring module to meet increased U.S. Environmental Protection Agency Cross-Media Electronic Reporting requirements; 2) additional EPA requested revisions to MWRA's pretreatment program requiring enhancements to PIMS standard functionality; and 3) a need for additional programming. Furthermore, there were delays in completing some work due to the departure of some key IPS staff and the need to retrain replacements. Nevertheless, substantial progress in completing installation and programming was made so that the Toxic Reduction and Control Unit was able to complete one full cycle of the Pretreatment Program, generating \$1.8 million in fees and completing an Annual Report on time.

This Amendment to the completion date for the Implementation Phase of this project will reflect the time necessary to address the changes described above. The parties anticipate that the new completion date (Final Acceptance) for the Implementation Phase of the project will be October 20, 2010. The second

phase of the project will commence on the date of Final Acceptance and continue annually for three more years covering software maintenance services thereafter.

The FY10 CIP contains \$1,305,456.00 for Contract 6177D. No additional funding is required for this procurement; this amendment is for a time extension.

EAST BOSTON BRANCH SEWER REPLACEMENT SEWER BY PIPEBURSTING: P. CALIACCO CORP., CONTRACT 6841, CHANGE ORDER 3

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 3 to increase the amount of Contract No. 6841 with P. Caliacco Corp., East Boston Branch Sewer Replacement Sewer by Pipebursting, in an amount not to exceed \$271,833.00, with no increase in contract term. Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract No. 6841 in amounts not to exceed the aggregate of \$250,000.00 and 180 days.

Change Order 3 consists of the following two items: 1) Transport and Dispose of 9,100 Tons of Group I Excavated Materials at \$196,833 (a design omission); 2) Transport and Dispose of 1,000 Tons of Group IV Excavated Materials at \$75,000 (an unforeseen condition). The Contractor has proceeded with this work at its own risk in order to minimize delays and proceed with the remainder of the contract work.

The FY10 CIP includes a budget of \$7,344,000.00 for Contract 6841. The cumulative total value of all change orders to this contract is \$1,183,195.02, or 16.11% of the original contract amount of \$7,344,285.84; the adjusted subphase total of this contract is \$8,527,480.86 or \$1,183,480.86 over budget. This amount will be covered within the five-year CIP spending cap.

AMBULANCE RESPONSE SERVICES: ACTION AMBULANCE SERVICE, INC., CONTRACT S465, AMENDMENT 1

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment No. 1 to Contract No. S465 with Action Ambulance Service, Inc., Ambulance Response Services, exercising the first option to extend the contract term for an additional year from July 1, 2010 to June 30, 2011, as included in the original contract, for a lump sum amount of \$249,600.00.

On June 25, 2008, the Board approved the award of Contract S465, Ambulance Response Services, to Action Ambulance Service, Inc. to provide dedicated, paramedic Advance Life Support services for Deer Island and the Town of Winthrop for a period of two years; the current two-year term expires on June 30, 2010.

As included in the original bid specifications, the contract provides for two one-year extension options at a price mutually agreed upon by MWRA and the Contractor. Action Ambulance has agreed to extend the contract for one year, providing the same level of service, at the same price as the current year – \$249,600. All other contract terms and conditions remain unchanged.

The Proposed FY11 Current Expense Budget includes \$260,000.00 for ambulance services.

OTHER BUSINESS

STAFFING STUDY

The Board voted to direct staff to develop a plan for conducting a staffing study and initiate a procurement to solicit bids from qualified consultant firms. A Committee shall be set up to be involved in the selection process and oversee the study, to be comprised of three members of the Board of Directors (recommended to be Messrs. Barrera, Foti and Mannering), two members from the MWRA Advisory Board, two members from the MWRA Labor Coalition, two Division Directors, the Director of Human Resources and the Executive Director.

This study would provide an independent review of how MWRA staffing levels compare to staffing levels at comparable water and/or wastewater utilities. The selected consultant would provide the Authority with an approach for evaluating MWRA's staffing level. Based on past experiences with staffing studies and information collected from other similar studies conducted within the industry, the scope of this study

should include the following: 1) identify comparable utilities to the MWRA; 2) Collect staffing information from comparable utilities; 3) Collect key operational and financial information on comparable utilities to include information on each utility's service area size and build-out level, level of capital spending and projects, number and type of facilities and pipelines, level of facility automation, size of operating budgets, use of contracted services vs. in-house services, impact of regional climate (e.g. wet weather events); 4) prepare a report on findings and recommendations including comparisons of MWRA staffing levels with industry benchmarks.

There are no funds budgeted in FY10 or FY11 for this project. Partial costs of this contract can be absorbed within the FY10 Current Expense Budget under the Professional Services line item. Adequate funding will be included in the Final FY11 budget for the balance of the contract.

Mr. Barrera stated this seems more like a benchmarking study; a management study for efficiencies would be more valuable. Mr. Hornbrook responded that from previous studies, the consultants want to spend two to three years within the agency to review the work process, which was very costly. Ms. Madden added that staff hopes to build off of the previous Black & Veatch analysis.

IT STRATEGIC PLAN

The Board voted, at the request of Mr. Mannering, to direct staff to develop a procurement strategy to implement a strategic plan for Information Technology (IT) and return to the Board in May with a scope for such a plan.

LETTER FROM THE TOWN OF STONEHAM

Mr. Laskey stated that the MWRA has received a letter from the Town of Stoneham requesting that the MWRA build a soccer field above its water storage tanks. It is technically feasible, but staff does not like the idea of fertilizer near the tanks.

Mr. Barrera said Stoneham has been cooperative with the MWRA and it sounds like a reasonable request; MWRA has done this type of thing for other communities. MWRA Advisory Board Executive Director Joseph Favaloro noted that this is a different situation because MWRA could/should have put the tanks on public land but chose to purchase private land. Mr. Barrera said the land is now off the tax rolls; Mr. Favaloro said the MWRA could give the land back.

Mr. Gove asked about the concern for fertilizer over a water tank. Mr. Hornbrook said it is not a practice that he, or DEP, would recommend.

Mr. Mannering said these water storage tanks are being built for the public good, which is why they are tax exempt. MWRA is not building it because it wants to make extra money; it helps the water system of eastern Massachusetts.

INFORMATION

DELEGATED AUTHORITY REPORT- MARCH 2010

Staff presented a listing of actions taken by the Executive Director under delegated authority for the period March 1 through March 31, 2010.

Mr. Mannering asked about the purchase of new vehicles. Ms. Madden stated that the Authority is purchasing one flex fuel truck to replace a ten-year-old vehicle and five hybrid vehicles to replace five old vehicles. Some vehicles will be turned over to the Field Operations Division (FOD) and staff will surplus some older vehicles currently used in FOD at auction.

2009 ANNUAL REPORT ON NEW CONNECTIONS TO MWRA SYSTEM

MWRA Policy and Planning Manager Pamela Heidell provided the Board with a *2009 Annual Update on New Connections to the MWRA System* report, which is required under the MWRA System Expansion Policies. The report highlights that the Town of Wilmington's request for admission to the MWRA Water System was the sole system expansion application received in 2009. All water withdrawals and sewer discharges from the recent connections are tracking well below their contracted amounts.

The report also provided information to the Board regarding prospective requests for water and sewer to locations outside the service area. Prospective requests include Southfield (Weymouth Naval Air Station Redevelopment) on the water side, and the Cambridge School of Weston on the sewer side; in 2009, for differing reasons, neither made significant strides toward completing the MWRA admission process.

Ms. Heidell stated that Tri-Town (Braintree, Holbrook and Randolph) has an issue with the entrance fee and the ongoing cost of water. Mr. Laskey added that Braintree is also reluctant because of the loss of local control. Mr. Hornbrook noted that he has met with Tri-Town several times to show that the MWRA can be economically viable. Even if Tri-Town spends money on a treatment plant, they will still have limitations on summer use; there wouldn't be any limitations if they joined the MWRA. Ms. Heidell also noted that it would cost Tri-Town \$10 million for dredging as well.

Mr. Laskey stated that all three communities are sewer communities. Mr. Hornbrook noted that it would be an easier sell to regulatory agencies because they are already transferring wastewater out and then would be bringing water in.

Mr. Barrera said perhaps staff needs to further review the barriers that are keeping entities from entering the system.

Mr. Laskey said there is an effort underway to study the safe yields of rivers, which may trigger more interest in the MWRA system.

Board Member John Carroll asked if the Town of Sharon has expressed any interest in joining the MWRA system. Ms. Heidell said Sharon would be interested if they could get a pipeline to the MWRA system; they have made inquiries on emergency requests. Sharon has made a lot of effort toward conservation.

Mr. Laskey said that staff needs a sense of the Board on how to proceed to the next level on the facilitated system expansion discussion and ideas for a coordinated agreement. The Executive Office of Energy and Environmental Affairs (EOEEA) has been working hard on some issues. Ms. Heidell said staff has been working on an Environmental Notification Form toward getting an Environmental Impact Report for donor basins done per the facilitated discussion; it should be ready for internal review within a month. Staff is moving on areas where there was general consensus.

Mr. Laskey stated that increased releases and a pipeline to the fish hatcheries are part of our proposal to be granted the ability to sell an additional 12 million gallons per day.

Mr. Barrera said that he has pressed EOEEA for a draft Memorandum of Understanding sooner rather than later to keep the momentum moving forward. Mr. Hornbrook said that he heard from EOEEA on Friday that they are eager to move forward.

FY10 FINANCIAL UPDATE AND SUMMARY AS OF MARCH 2010

Director of Administration and Finance Rachel Madden stated that total year-to-date expenses are lower than budgeted by \$23.9 million, or 5.4%, and total revenues are greater than budgeted by \$134,000, for a net variance of \$24.1 million. The March results reflect some variances solely related to timing such as underspending of \$2.8 million for deferring the voluntary pension contribution and underspending of \$2.5 million in direct expenses.

After accounting for the timing-related adjustments noted above, the year-to-date net variance would be \$18.8 million. Of this, the largest variances are for the favorable variable rate in Debt Service of \$14.1 million and lower direct expenses of \$4.0 million, mostly for Maintenance spending, Wages and Salaries and Chemicals.

Staff has incorporated the known costs from the March rain events and now projects the year-end surplus to be approximately \$22.1 million, \$2.2 million less than projected in February. If market conditions remain unchanged for the remainder of the fiscal year, Debt Service expense is projected to be \$20.2 million below budget and Direct Expenses are projected to be \$2.3 million under budget.

Board Member Kevin Cotter asked if the MWRA is eligible for any reimbursement since a state of emergency was declared. Treasurer Tom Durkin stated that the process begins with preliminary damage assessments; that data has been submitted and staff met with Federal Emergency Management Agency (FEMA) staff at Deer Island. MWRA has submitted a request for \$3.1 million for reimbursement. MWRA's damages put Suffolk County over the threshold for eligibility to be declared a disaster area under federal guidelines. Staff expects to meet with MEMA soon to find out about that process as well.

PROGRESS OF THE TOWN OF BROOKLINE-IMPLEMENTED CSO PROJECT AND PROJECTED FINANCIAL ASSISTANCE THROUGH JUNE 2010

The Brookline project is intended to reduce treated discharges from MWRA's Cottage Farm CSO facility to the Charles River Basin. The project, as designed by the Town of Brookline, includes two construction contracts. Contract 1 involves the installation of 6,800 linear feet of storm drain in secondary streets along the north and south sides of Beacon Street. Brookline issued the Notice to Proceed for this \$1.4 million contract on November 21, 2008, in compliance with the milestone for commencement of construction in Schedule Seven. The contractor completed the storm drain installations in November 2009 and plans to perform final pavement restoration and complete the contract this spring.

Brookline is also nearing completion of final design for the second and much larger separation contract, which has an estimated value of \$22.0 million, most of which is eligible for MWRA funding. Brookline submitted the 95% design documents to MWRA in November 2009 and expects to complete design, obtain necessary permits and advertise the construction documents soon and plans to complete construction ahead of the July 2013 milestone in Schedule Seven.

Related to the separation work being implemented by Brookline, MWRA plans to clean its outfall pipe (MWR010) to ensure the outfall has adequate capacity to convey Brookline's separated stormwater, as well as some BWSC stormwater and remaining CSO from MWRA's Charles River Valley Sewer, to the Charles River. MWRA plans to complete the outfall work prior to completion of Brookline's sewer separation work.

Since execution of the Memorandum of Understanding and Financial Assistance Agreement in 2006, MWRA has transferred \$3,688,892 to Brookline's CSO account to cover eligible design and construction costs through December 2009. Total eligible cost paid by Brookline through December 2009 was \$3,064,695. Brookline can use accumulated interest in the account to fund eligible costs. Brookline pays the eligible costs directly from a Town municipal account and periodically reimburses the Town account from the CSO account. The balance in the CSO account as of December 31, 2009 was \$1,163,325, of which \$503,461 is earmarked for eligible expenses already incurred but not yet paid by the Town.

In January 2010, Brookline submitted a projected work progress report and an estimate of the eligible contract and force account expenditures for the period January through June 2010. Over this period, Brookline had originally planned to complete construction and construction supervision services for the first construction contract, complete final design and award the second construction contract and commence the work of the second contract. Brookline's completion of final design has since been delayed by a few months in part to respond to MWRA review of the construction documents and Brookline now expects to award the second construction contract this June or July. Staff has reviewed the request and approved a transfer of \$410,770 to cover anticipated eligible expenditures through June 2010. The difference between Brookline's requested funds transfer and the MWRA approved transfer includes the delay mentioned above and the unspent balance in the CSO account.

The approved FY10 CIP budget includes \$21,010,000 for design and construction of the Brookline Sewer Separation Project. The CIP also includes \$3,000,000 for MWRA design and construction contract services to clean the MWR010 outfall.

PROGRESS OF THE CITY OF CAMBRIDGE-IMPLEMENTED CSO PROJECTS AND PROJECTED FINANCIAL ASSISTANCE THROUGH SEPTEMBER 2010

After more than two years of delay due to wetlands permit appeals, Cambridge resumed final design in October 2008 for projects in the CSO control plan related to Alewife Brook. Since then, Cambridge has made substantial design progress and was able to update its final design and construction schedules for the Alewife projects. Cambridge submitted proposed new project schedules to MWRA in September 2009 and MWRA and Cambridge staff met with the U.S. Environmental Protection Agency (EPA) and the

Massachusetts Department of Environmental Protection (DEP) in October 2009 to discuss these schedules with the intent of proposing amendments to corresponding milestones in Schedule Seven to the Federal Court. Staff plans to file a motion with the Court to amend the Schedule Seven milestones after it has circulated the draft motion to all of the court parties for their review. While EPA and DEP have not raised any concern about the proposed Alewife project schedules and intended milestone changes, MWRA also proposes to include in the same motion the deletion of two milestones related to implementation of Charles River interceptor optimization projects, for which staff are continuing to respond to questions and comments from EPA.

Since execution of the MOU and FAA in 1996, MWRA has transferred a total of \$23,413,700 to Cambridge's CSO account to cover eligible design and construction costs through March 2010. The total eligible cost incurred by Cambridge through March 2010 was \$21,505,683. Cambridge is able to use accumulated interest in the account for funding eligible costs. The total balance in the CSO account is \$1,908,106 as of March 31, 2010, of which approximately \$1,458,900 was transferred to the account by MWRA to cover the expected cost of easements associated with the Contract 12 stormwater outfall and wetland. Easements costs were originally scheduled to be incurred prior to March 2010 but Cambridge now expects these costs will be incurred in mid 2010.

Cambridge recently submitted its request for a funds transfer in the amount of \$4,467,788 to cover eligible expenditures in the period April 2010 through September 2010. Staff have reviewed the request and approved a transfer of \$4,017,288 for this period. The difference between the requested and approved amounts includes unexpended funds in previous transfers, adjustments to expenditure forecasts to accurately reflect work schedules, requests which exceed the preliminary eligibility amounts (which govern eligibility until final audits are conducted on completed contracts), and interest earned, which stays with the account. Staff plans to transfer \$4,017,288 to the Cambridge CSO account soon.

The FY10 CIP includes \$61,865,000 for design and construction of the Cambridge-implemented CSO projects. The total award amount of the MOU and FAA with the City of Cambridge is \$60,021,000.

UPDATE ON MWRA'S DAM SAFETY COMPLIANCE PROGRAM

David W. Coppes, Director of Western Operations, and John Gregoire, Program Manager of Reservoir Operations, provided the Board with an update on MWRA's Dam Safety Compliance Program. There are 18 dams and dikes under MWRA's care and control (most of which are more than 100 years old) that are spread out geographically across central Massachusetts, MetroWest and metropolitan Boston. Of these 18, MWRA and the Department of Conservation and Recreation (DCR) share responsibility for 11 and MWRA is solely responsible for the remaining seven.

MWRA has taken the lead on capital maintenance and improvements, and regulatory inspections, on all water supply dams in the system.

Staff have begun work on a new contract (Contract 7211, Dams Safety Modifications and Repairs, Design and Engineering Services during Construction/Resident Engineering and Inspection, approved by the Board and awarded to GZA GeoEnvironmental, Inc. on July 15, 2009 in the amount of \$1,534,741), which is now in the design phase. This contract will address the capital improvement and maintenance needs identified in the 2006 and 2008 dam safety inspections. Capital work includes upgrading the 110-year-old Foss Spillway with fuse gates to allow passage of the regulatory design flood and dam crest re-grading and installation of a parapet wall at the Weston Reservoir to protect the main dam from overtopping.

On a smaller scale, MWRA has completed a number of other projects at many of the dams, often performed by in-house staff. This completed work includes tree removal, erosion repair/reestablishing grass cover, re-pointing of structures, drainage swale clean-outs, re-setting riprap, filling animal burrows, cleaning catch basins, dam crest re-grading and updating all the Emergency Action Plans for the dams.

The Massachusetts Office of Dam Safety requires a Phase I Dam Safety Inspection on High Hazard (where failure will likely cause loss of life and serious damage to homes, industrial or commercial facilities, important public utilities, main highways or railroads) Dams every two years. Significant Hazard (where failure may cause loss of life and damage to homes, industrial or commercial facilities, secondary highways or railroads or cause interruption of use of service of relatively important facilities) dams are on a five-year frequency and Low Hazard (where failure may cause minimal property damage to others) Dams are on a

ten-year frequency. For efficiency purposes, MWRA inspects all dams every two years. Phase I inspections can result in the requirement for a more detailed Phase II review. Additionally, DCR performs monthly walk-through inspections of the dams and reports anything amiss to MWRA for follow-up action.

Detailed Phase I and II inspection reports are submitted to the Office of Dam Safety along with a letter from the Chief Operating Officer certifying that MWRA intends to address the recommendations of the inspecting engineer. MWRA remains in compliance with all Dam Safety Inspections.

STATUS OF CONTRACT EMPLOYEES

The Authority has historically hired temporary contract employees to assist with projects, tasks and activities that do not require the creation of regular full-time positions. Currently, MWRA employs 11 contract employees working in several different areas. The majority of the contract employees are supporting core operations-related functions (e.g., Laboratory Services). Contract employment has also provided the Authority with a proven internal applicant pool for regular positions as they become available. Contract employees do not receive benefits from the Authority and do not participate in or contribute to the MWRA Retirement System. A contract employee may “buy back” the time they served as a contract employee if, at some point in the future, they become an eligible member of a public employees’ retirement system (as defined by M.G.L. Chapter 32) as a regular employee.

Generally, contracts for temporary employment are for periods of one year or less. Any contract that exceeds one year must be approved by the Board of Directors. Additionally, any contract that results in an annual compensation amount exceeding \$85,000 must be approved by the Board of Directors. Expenses for contract employment have decreased significantly since 2000. Salary expenses for contract employees have dropped from a high of \$1,651,500 in FY2000 to \$371,100 for FY2010. The FY10 budget includes \$371,000 for temporary employees.

Mr. Barrera said one contract employee has been at the MWRA for five years, not receiving benefits. Is MWRA negating the spirit of what a contract employee is? Human Resources Director Robert Donnelly said a contract phase is one year and then the position is evaluated and if it needs to be extended, it is brought to the Board’s attention. Mr. Laskey added that the five-year contract employee is a retiree of the Army Corps of Engineers; he works part-time and doesn’t need benefits. It has been a good arrangement for both the MWRA and the contract employee.

Mr. Foti asked at what point the MWRA will decide; some of these contract employees have been here for three plus years. Once it reaches a certain threshold, a decision needs to be made. Mr. Hornbrook responded that on laboratory positions, MWRA is still in negotiations with EPA on reducing the monitoring program; negotiations have been delayed and MWRA does not want to hire people and then lay them off within a year, based on that and seasonal use.

Mr. Foti asked about the messenger/courier; MWRA either needs one or it doesn’t. Ms. Madden said staff has been discussing whether or not to discontinue certain shuttle services at the Chelsea facility because it is under utilized. Mr. Laskey noted that MWRA has used contract employees in entry-level positions as a stepping stone for five or six good employees.

Board Member Michael Gove asked if this violates the Commonwealth’s independent contractor statute. Mr. Donnelly said these are not independent contractors; they are on the MWRA’s payroll and have taxes withheld and can collect unemployment; however, they do not receive benefits. Mr. Foti wondered if the Authority needed to re-define or rename “contract employees” to better reflect that fact.

SOUTHBOROUGH LEGISLATIVE DELEGATION RE: NICHOLS HOUSE

Representatives Carolyn Dykema and Danielle Gregoire stated that they wanted to approach the Board of Directors directly regarding the use of the Oren Nichols House for a “Buffalo Soldiers” Museum.

Rep. Dykema stated that they understood the Board’s security concerns and feel they have offered reasonable solutions to move forward. The Town of Southborough has awarded a \$50,000 Community Preservation Act grant to the Stony Brook Museum Development Committee; however, no further funds can be raised without a long-term lease or ownership. Rep. Dykema said at this time it would not be feasible to move the house.

Mr. Laskey stated that this house came into the MWRA's control about five years ago. The building is in disrepair and MWRA has no use for it. The house is not in a high volume area and the MWRA would like to keep it that way. Staff has had discussions with representatives of the museum group, legislators and the Town regarding MWRA's concerns for security and the impact of visitors to this location.

Staff has looked at other locations on MWRA property and has located another place near the road but there would be costs to relocate the house in the range of \$90,000. MWRA would be willing to contribute the funds that it would have spent to demolish the house toward that cause.

The Representatives stated that the reason it was cost-prohibitive was because the cost to purchase land was included; if property were provided, that would change that dynamic. It is a historic resource to the community and the house is worth preserving.

Mr. Foti said it would make more sense to surplus the land and give or sell the land to them. Mr. Laskey said we can surplus the land to the Town, which can then make an arrangement with the museum, with the stipulation that it would revert to the MWRA if the land is not used for that purpose. MWRA would have to surplus the land through the DCAM process.

Mr. Hunt suggested that staff be directed to work up a conceptual agreement that would transfer the land to the Town who can sublease it to the museum, memorializing a commitment that the cost for demolition would be directed to moving the house and also put a timeframe on it. Many efforts are well intentioned, but raising those kinds of funds will be a huge task.

IMPACTS OF THE MARCH 2010 STORMS

MWRA Chief Operating Officer Michael Hornbrook stated that beginning February 24, 2010, a six-week period of rain began. From February 24 through March 31, 21.13 inches of rain fell in the MWRA's service area. From March 13 to 16, 9.16 inches of rain fell, making it the wettest recorded month in history. There was record flooding of almost all the rivers in central and eastern Massachusetts.

Deer Island measured new record levels of average daily (1256 MGD) and maximum hourly (1305 MGD) flow rates. Deer Island set new records for the number of hours that flow levels exceeded certain thresholds. The South System Pump Station set new record flow levels as well.

Flow to Nut Island exceeded system capacity resulting in two short duration releases on March 15, 2010 of 39 minutes and 18 minutes. If the MWRA did not do these releases, the plant could have been taken out of commission for weeks to months for repairs. Total estimated volume discharged was five to ten million gallons. Nut Island and Deer Island operated at full capacity. MWRA's NPDES permit does not prohibit an emergency bypass of treatment facilities when the "bypass was unavoidable to prevent the loss of life, personal injury or severe property damage." Due to record flows, the bypass discharges were required to prevent long-term damage to the headworks facility and protect public health. MWRA notified local health authorities, EPA and DEP that it would be doing the releases.

All MWRA facilities were staffed 24-hours per day during these storms. Additional maintenance and field staff were available 24-hours a day to ensure any problems would be quickly addressed. Sixteen large portable pumps were deployed to seven different locations.

Combined Sewer Overflow Treatment Facilities discharged at three times the volume of the entire previous year. The Wachusett Spillway discharged over 1 billion gallons per day during the storm events. Updates were emailed to communities and posted on MWRA's homepage.

Estimated total costs are \$3.5 million. The net cost of running the combustible turbine generators at Deer Island alone is currently estimated at \$1.7 million. MWRA is applying to FEMA for any available funding.

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 more information.