

MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, June 6, 2012

Prior to the Board of Directors meeting, a budget hearing on the Draft FY13 Capital Improvement Plan and Current Expense Budget was held with Advisory Board staff and MWRA staff. In attendance at the budget hearing were: MWRA Board Members Joel Barrera, John Carroll, Andrew Pappastergion, Joseph, Foti, Vincent Mannering and Jack Walsh, in addition to staff from the MWRA and the MWRA Advisory Board.

The meeting opened with introductory remarks from Joseph Favaloro, Executive Director of the MWRA Advisory Board, who offered apologies from MWRA Advisory Board Chair Katherine Dunphy, who was unable to attend.

A PowerPoint presentation summarizing the Advisory Board's review process and key comments and recommendations was made by Manager for Finance & Policy Review Matthew Romero. If you would like to see the Advisory Board's PowerPoint, please click [here](#).

Following the Advisory Board's presentation, MWRA Director of Finance & Administration Rachel Madden gave a PowerPoint presentation on the updated current and capital budgets. To view the MWRA's presentation, click [here](#).

After a lengthy discussion, the Committee of the Whole opted for staff to provide scenarios for a 3.25% and a 3.0% rate revenue requirement increase for FY13.

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on June 6, 2012 at the Charlestown Navy Yard. **Present:** Chair Richard Sullivan, Joel Barrera, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering, City of Boston Representative; Jack Walsh, City of Quincy Representative. **Absent:** Michael Gove, Gubernatorial Appointee; Kevin Cotter and James Hunt III, City of Boston Representatives; Marie Turner, Town of Winthrop Representative.

Report of the Chair

Chairman Richard Sullivan thanked the Board for their support in opening up the aqueduct trails. It is good example of public assets being used in a positive way. The Chairman expressed his thanks to MWRA staff as well.

Report of the Executive Director

MWRA Executive Director Fred Laskey noted that the Federal Emergency Management Agency (FEMA) drills went well yesterday. Staff was concentrating on fixing the problems presented; however, FEMA's interest in the drill was the cooperation between the governmental and MWRA parties to ensure adequate communications throughout. Mr. Laskey offered his complements to the staff. This was a healthy exercise.

Dam safety inspections continue. The latest assessment of the Quabbin spillway indicates it is more than adequate to accept flows. It was built in a robust fashion.

Mr. Laskey offered his congratulations to John Vetere and the Deer Island Wastewater Treatment Report on receiving the platinum performance award from The National Association of Clean Water Agencies. The award is being presented in recognition of five years with no violations of the MWRA's permit. The award will be presented in Philadelphia in July.

Based on past practice, the employment contracts for Fred Laskey and Michael Hornbrook will be discussed at the second meeting in June.

Stoneham construction will begin in earnest on Monday.

Approval has been given to repair the Charlestown wind turbine.

Approvals

MWRA FY13 Insurance Program Renewal

The Board voted to authorize the Executive Director, on behalf of the Authority, to award to the lowest eligible and responsive bidders, insurance policies, bonds and contracts for services for MWRA's FY13 Insurance Program, for the period beginning July 1, 2012, through June 30, 2013, for the premiums and fees described below for a total program amount not to exceed \$1,823,840:

1. Workers' Compensation Excess Policy with N.Y. Marine, submitted by broker Willis of MA, with a \$25 million limit and a \$500,000 self-insured retention, for 1a premium of \$114,668;
2. Property Policy (including Boiler & Machinery coverage) with FM Global Insurance Co., with various limits of coverage with a \$2.5 million self-insured retention, for a premium of \$782,641;
3. General Liability Policy (including Automobile Liability, Protection and Indemnity, Wharfingers, and Employment Practice Liability) with C.V. Starr Insurance Co. submitted by broker William Gallagher Associates, with a \$25 million limit and a \$2.5 million self-insured retention, for a premium of \$485,806;
4. Excess Liability Policies with Civic Risk (National), Westchester (ACE) and AXIS/Great American Insurance Companies, submitted by broker William Gallagher Associates,

providing a combined total of \$75 million of coverage in excess of primary coverages for a total combined premium of \$285,376;

5. Public Official's Liability Policy with State National Insurance Co., submitted by broker Wells Fargo Insurance Services, with a \$5 million limit and a \$1 million deductible, for a premium of \$48,728;
6. Fiduciary Liability Policy with Chubb Insurance Co., submitted by broker Wells Fargo Insurance Services, with a \$5 million limit and a \$1 million deductible, for a premium of \$8,193;
7. Public Official's/Crime Bond with The Hartford Insurance Co., submitted by broker William Gallagher Associates, with a \$1 million limit and a \$25,000 deductible for a premium (including commission) of \$6,078;
8. Treasurer's Bond with a \$1 million limit with a vendor to be determined in an amount not to exceed \$3,000; and
9. Broker contracts with William Gallagher Associates for an amount of \$70,000; Willis of Massachusetts for an amount of \$10,250; and Wells Fargo Insurance Services for an amount of \$9,100.

Board member Jack Walsh asked why there was an increase. Risk Management Manager Paul Whelan stated that as the MWRA's payroll and property values goes up, insurance costs tend to go up as well. In addition, the insurance marketplace is hardening resulting in higher premium rates charged.

Mr. Laskey stated that the Authority has talked about taking on more self-insurance; staff has looked into it recently.

Ms. Madden noted that the MWRA is self-insured for up to \$2.5 million. Mr. Whelan noted that the Authority already assumes a lot of risk. It is a catastrophic type risk that the Authority is insuring against. The premium paid is a relatively small cost compared to the Authority's revenue for this protection.

Board Member Vincent Mannering asked if this would include Workers' Compensation as well. Mr. Whelan stated that the current retention level for workers compensation is \$500,000. Mr. Whelan said the Authority asks proposers, in the annual bid process, to offer bids at other levels to see if there are any potential saving available. The recommended option was the most desirable.

Mr. Mannering asked if we have ever collected on the workers compensation excess policy. Mr. Whelan stated that the Authority has collected on prior workers' compensation excess policies, primarily on older claims with accumulated amounts that have exceeded the deductible.

Mr. Whelan also noted that the MWRA's loss exposure is not limited by statute like other governmental entities; this type of program covers high-level catastrophes.

Wastewater Advisory Committee Contract

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute a contract, substantially in the form presented and filed with the records of the meeting, with the Wastewater Advisory Committee for a one year period beginning on July 1, 2012, with a total cost of \$58,500.00.

Water Supply Citizens Advisory Committee Contract

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute a contract, substantially in the form presented and filed with the records of the meeting, with the Water Supply Citizens Advisory Committee for a one year period beginning on July 1, 2012, with a total cost of \$96,430.00.

PCR Amendment – June 2012

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

Remote Headworks Upgrade Project

The Board voted to approve staff's recommendation, as described in the June 6, 2012 informational staff summary and filed with the records of the meeting, to proceed with Option #2 (Partial Sequential Approach) with respect to remote headworks rehabilitation projects at the Chelsea Creek, Columbus Park, and Ward Street Headworks.

Mr. Laskey noted that an issue was raised earlier in the year on how to proceed with the headworks renovations.

Project Manager Margery Johnson stated that three options were considered by staff and presented previously to the Board; staff recommends option 2, which would begin final design of Chelsea Creek as its own project, with a second contract to do the remaining two headworks as one contract.

Board Member Joel Barrera asked if staff was looking for a sense of the Board and how the project was being dealt with in the CIP at the present time. Chief Operating Officer Michael Hornbrook said staff included the highest cost option (option1) in the CIP until a decision can be made and would like to have a sense of where the Board members stand.

Mr. Laskey said this will be reflected in the CIP and that would require a vote.

Board member John Carroll said though this recommendation was being provided as an information piece, the language within the summary seems to be seeking a vote. Mr. Carroll made a motion to support staff's recommendation to proceed with option 2. It was seconded and approved.

Board member Vincent Mannering asked if this project has already been awarded. Mr. Hornbrook said only the design portion has been awarded; then the cost of rehabilitating the three facilities increased dramatically because other issues were discovered. As a result, the

three options were developed for evaluation. Currently, there is \$163 million in the CIP budget; if the Board goes with option 2, the amendment would only have Design/Construction for the Chelsea Creek headworks and staff can come back to the Board to show what the savings is as a result of moving ahead with only one facility and, further, what items would be added because of the new issues that were discovered.

Board member Joseph Foti asked if the design is going to be \$17.8 million; although the decision is not being made based on money, we are being led to believe that there will be a \$6 million savings with option 2. Is that correct? Mr. Hornbrook said absolutely there is a savings.

Contract Amendments / Change Orders

North Main Pump Station Variable Frequency Drive and Motor Replacement, Design and Engineering Services During Construction: Malcolm Pirnie, Inc., Contract 6902, Amendment 4

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment No. 4 to extend the term of Contract No. 6902 with Malcolm Pirnie, Inc., North Main Pump Station Variable Frequency Drive and Motor Replacement, Design and Engineering Services during Construction, by six months to October 20, 2012, with no increase in contract amount.

Prison Point CSO Facility HVAC and Odor Control Systems Upgrade: Arden Engineering Constructors, LLC, Contract 6795, Change Order 9

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 9 to increase the amount of Contract No. 6795 with Arden Engineering Constructors, LLC, Prison Point CSO Facility HVAC and Odor Control Systems Upgrade, in a lump sum amount of \$114,151.64.

Board member Andrew Pappastergion questioned the number of change orders. Staff responded that design errors and numerous unforeseen conditions (as noted in the staff summary) have been encountered. Additionally, the renovation of older facilities typically results in more change orders.

Lynnfield/Saugus Pipelines Project: Albanese Brothers, Inc., Contract 6584, Change Order 16

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 16 to increase the amount of Contract No. 6584 with Albanese Brothers, Inc., Lynnfield/Saugus Pipeline Construction, in an amount not to exceed \$466,406.54 and to extend the term by 21 calendar days to February 7, 2013; and, further, 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 \$250,000.00, in accordance with the Management Policies of the Board of Directors.

Mr. Laskey stated that this project is proving to be difficult for a number of reasons, including the location of the project along the side of Route 1.

There are limited hours of construction at night; the contractor has to mobilize, remove plates, barely getting three to four hours of work done per night and having to replace the plates again. In addition, the ledge is not where staff thought it was. There was a problem with the record drawings.

Director of Construction Navanandan Anandan said most of the problem is being caused by an earthen bottomed culvert. Saugus' share of this project is at 33%.

Mr. Laskey added that there are issues in dispute with the contractor. This is a difficult job and staff knew that going into it.

Mr. Anandan added that the original permit only allowed work to be done from 9:00 p.m. to 5:00 a.m.; however, the MWRA has received approval from the Massachusetts Department of Transportation to begin work at 7:00 p.m., gaining two hours of work each day.

Hultman Aqueduct Interconnections: Barletta Heavy Division, Inc., Contract 6975, Change Order 24

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 24 to increase the amount of Contract No. 6975 with Barletta Heavy Division, Inc., Hultman Aqueduct Interconnections, in a lump sum amount of \$79,116.00; and to authorize the Executive Director to approve additional change orders as may be needed to Contract No. 6975 in amounts not to exceed the aggregate of \$250,000.00, in accordance with the Management Policies of the Board of Directors.

Information

Update on the Remote Headworks Upgrade Project

(A motion was made and approved with regard to this issue. See Approvals.)

2011 Annual Water Quality Report (Consumer Confidence Report)

Director of Planning Stephen Estes-Smargiassi stated that staff has personalized every water quality report for each individual community. He thanked Rita Berkeley and Joshua Das for their efforts in putting the report together.

Mr. Barrera noted that he liked the format of the report and felt it was more "user-friendly."

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