

**MWRA Board of Directors Meeting
May 15, 2013
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	*	
Bond Defeasance of Future Debt Service	Approval	Authorized Executive Director to effectuate the redemption and defeasance of an aggregate principal amount of approximately \$23,810,000 of outstanding MWRA senior and subordinate bonds including to cause the escrow of cash and/or securities in an amount necessary to fund such redemption and defeasance in order to reduce future debt service by approximately \$26,285,575 in FY14 through FY16 timeframe	Unanimous	*	
PCR Amendments-May 2013	Approval	Approved the amendments to the Position Control Register, as presented and filed with the records of the meeting.	Unanimous		
Extension of Employment Contract, Administrative Assistant, Clinton Wastewater Treatment Plant	Approval	Approved the renewal of a part-time employment contract for Ms. Jane Densmore, Administrative Assistant, Clinton Wastewater Treatment Plant From July 1, 2013 to June 30, 2014 Annual compensation not to exceed \$22,260	Unanimous		
Annual Meeting of the Personnel and Compensation Committee Independent of Management	Approval	The Board voted to rate the performance of Fred A. Laskey, Executive Director, FY13 as Excellent and to hold any salary increase in abeyance until after such time as management recommends a salary increase for staff.	Unanimous		
Arbitrage Rebate Calculations Services: PFM Asset Management LLC, Contract F225	Contract Award	Approved the recommendation of Consultant Selection Committee to select PFM Asset Management LLC to provide Arbitrage Rebate Calculation Services in connection with the Authority's multi-billion dollar capital program Authorize Executive Director to execute a Contract F225 with PFM Management LLC Amount not to exceed \$92,200 From June 15, 2013 to June 14, 2016	Unanimous	*	
Grit and Screenings Hauling and Disposal: W.L. French Excavating Corporation, Contract OP-209	Contract Award	Approved the award of Contract OP-209 to W.L. French Excavating Corporation Bid amount of \$1,749,090.70 Term of 730 Calendar days	Unanimous	*	
Technical Assistance Consulting Services for the Carroll Water Treatment Plant: Contract 7406, Fay, Spofford & Thorndike, LLC	Contract Award	Approved the recommendation of the Consultant Selection Committee to select Fay, Spofford & Thorndike to provide technical assistance consulting service for the Carroll Water Treatment Plant Amount not to exceed \$750,000 For a term of two years	Unanimous	*	
FY13 Third Quarter Orange Notebook	Information	Staff noted that it has been a dry year and at the beginning of April, there was water transferred from the Wachusett to the Quabbin.	n/a	*	*

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Delegated Authority Report-April 2013	Information	Staff noted that purchasing, operations and budget staff were closely monitoring the diesel fuel market in order to make purchases when prices are favorable. Purchases have been made and will continue to be made but it is advantage to do so at the present time.	n/a	*	
FY13 Preliminary Financial Update and Summary as Of April 2013	Information	Staff highlighted that the total Capital Finance savings deposited into the defeasance account are projected to reach \$20.9 million by year-end. However, there are other projected surplus funds that can be used to augment the size of the proposed defeasance.	n/a	*	
CSO Project Update	Information	Staff stated that the Brookline Sewer Separation project and the CAM004 Stormwater Outfall and Wetland Basin project in Cambridge have been complete ahead of schedule. As of now, 31 out of the 35 projects in the long-term control plan are complete.	n/a	*	*
Progress of BWSC-Implemented CSO Projects and Projected Financial Assistance through December 2013	Information	Staff highlighted that there are 9 out of 10 projects under the CSO abatement projects in the MWRA's long-term control plan are now complete.	n/a	*	
Update on the Hultman Aqueduct Rehabilitation and Interconnections with the Metro West Tunnel	Information	Staff highlighted the Hultman Aqueduct Rehabilitation and the MetroWest Tunnel are now rehabilitated. Staff has also done multiple interconnections between the two.	n/a	*	*
Update on Drinking Water Regulatory Changes	Information	Staff noted that the biggest change on the drinking water side is what is called the total coliform rule. The new change by EPA now triggers an evaluation of the distribution system. Communities can assess if there is a problem detected and can correct it independently.	n/a	*	

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



MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, May 15, 2013

- *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 the discussion remains in plain text.*
- *Please see the attached summary sheet for a complete list of Board actions.*

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on May 15, 2013 at the Charlestown Navy Yard. **Present:** Chair Rick Sullivan, Joel Barrera and Jennifer Wolowicz, Gubernatorial Appointees; John Carroll, Andrew Pappastergion, and Joseph Foti, Advisory Board Representatives; Kevin Cotter, Henry Vitale, and Brian Swett, City of Boston Representatives; Jack Walsh, City of Quincy Representative; **Absent:** Paul Flanagan, Town of Winthrop Representative.

Report of the Chair

Chairman Rick Sullivan congratulated the MWRA for being recognized by the Environment Protection Agency for having the best water system for the third year in a row.

Report of the Executive Director

Executive Director Fred Laskey stated that a notice has been passed around at the request of Board member John Carroll. The notice explained the potential savings of adding more water customers and the benefit of selling a million gallons a day (MGD) to the water system. It is pretty straightforward and staff continues to work on getting new customers to join the MWRA system.

The Swift River is still considered normal while most of the state is approaching drought status or below normal; that is positive. MWRA is starting an aggressive pulling of invasives at Wachusett; this is part of the effort to eventually eliminate or get to manageable levels of these invasives. It has been discussed at prior meetings that the invasives have gotten beyond the barrier into certain coves or areas in the Wachusett. Staff is being more aggressive and this is a major expenditure over the next several years to try and to get this under control.

Approvals

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 or other instruments and to take such other actions necessary to

effectuate the redemption and defeasance of an aggregate principal amount of approximately \$23,810,000 of outstanding MWRA senior and subordinate bonds including to cause the escrow of cash and/or securities in an amount necessary to fund such redemption and defeasance, in order to reduce the debt service requirement by approximately \$26,285,575 in the FY14 through FY16 timeframe.

Mr. Laskey noted that this is an important multi-year strategy that has been working well for the MWRA.

Director of Administration and Finance Rachel Madden noted that the staff summary presented the effect of the defeasance in FY15 and FY16; lowering the rate increase. However, when staff comes forward at the hearing in June, those are not the rate increases that will be presented to the Board; that is just the effect of the defeasance in those years. There are other moving pieces that staff is currently working on to make the most manageable and predictable rate increases as it can in future years.

Board member Henry Vitale asked about the defeasance account; where is the money invested? MWRA Treasurer Tom Durkin stated that the funds are in a money market account. Ms. Madden stated that staff has committed to the Board that those funds would always be readily available for withdrawals should trends change. Mr. Vitale asked if the funds were needed tomorrow, would staff be able to access the funds. Staff confirmed that it could be done.

PCR Amendments - May 2013

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

Extension of Employment Contract, Administrative Assistant, Clinton Wastewater Treatment Plant

The Board voted to approve the renewal of a part-time employment contract for Ms. Jane Densmore, Administrative Assistant, Clinton Wastewater Treatment Plant, for a period of one year, from July 1, 2013 to June 30, 2014, increasing the hourly rate from \$21.32 to \$21.75, for an annual compensation not to exceed \$22,620.

Annual Meeting of the Personnel and Compensation Committee Independent of Management

The Board voted to rate the performance of Frederick A. Laskey, Executive Director, for Fiscal Year 2013 as Excellent and to hold any salary increase recommendation in abeyance until after such time as management recommends a salary increase for staff.

Contract Awards

Arbitrage Rebate Calculation Services: PFM Asset Management LLC, Contract F225

The Board voted to approve the recommendation of the Consultant Selection Committee to select PFM Asset Management LLC (PFMAM) to provide Arbitrage Rebate Calculation Services in connection with the Authority's multi-billion dollar capital program and to authorize the Executive Director, on behalf of the Authority, to execute contract F225 with PFM Asset Management LLC in an amount not to exceed \$92,900 for a term of three years from June 15, 2013 to June 14, 2016.

Mr. Vitale asked if the MWRA has ever been audited by the Internal Revenue Service (IRS). Ms. Madden stated that the MWRA has been audited; however, it pre-dated the arrival of current staff. The MWRA had to make a rebate payment of about \$280,000. All the information is on record.

Mr. Durkin explained that one of the first projects that he and Ms. Madden worked on together was preparation for an audit. The files are organized in such a way that the official statement, calculations, certificates to the trustee, etc. is all readily available for an audit. Ms. Madden explained that staff spent a lot of energy and effort to make sure that all records are clean and ready to go.

Mr. Vitale asked about the rationale behind the debt being subordinate or senior. Mr. Durkin stated the basic difference between the senior lien and subordinate lien is that the senior lien pledges a debt service reserve. Staff has found that the variable rate is better placed on the subordinate and the senior lien is exclusively fixed rate deals.

Grit and Screenings Hauling and Disposal: W. L. French Excavating Corporation, Contract OP-209

The Board voted to approve the award of Contract OP-209, Grit and Screenings Hauling and Disposal, to the lowest eligible and responsible bidder, W. L. French Excavating Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$1,749,090.70, for a term of 730 calendar days from the Notice to Proceed.

Mr. Carroll asked if staff monitors the site in New Hampshire. Director of Deer Island Dan O'Brien explained that staff knows that waste goes to the Rochester Turnkey Landfill. Staff gets the official manifest slips to document the landfill operation and staff receives the annual weight certification from the state authority to note that it has been calibrated. Other than that, staff does not go to the area on a routine basis.

Technical Assistance Consulting Services for the Carroll Water Treatment Plant: Contract 7406, Fay, Spofford & Thorndike, LLC

The Board voted to approve the recommendation of the Consultant Selection Committee to select Fay, Spofford & Thorndike, LLC to provide technical assistance consulting services for the John J. Carroll Water Treatment Plant, and to authorize the Executive Director, on behalf of the Authority, to execute Contract 7406 with Fay, Spofford & Thorndike, LLC in an amount not to exceed \$750,000, for a term of two years from the Notice to Proceed.

Board member Andrew Pappastergion asked why there was only one bidder. Staff explained that they spoke with six potential bidders and asked why they would not participate. The reasons for the potential bidders varied; two of the large firms had higher overhead rates and felt they could not be competitive with the rates of the incumbent, which are typically lower; another firm could not meet the qualification requirements; another firm did not match up to the water needs that the MWRA had. Staff is going to go out to bid for a second contract later this year and hopes to get more competition on this item.

Information

FY13 Third Quarter Orange Notebook

Chief Operating Officer Michael Hornbrook highlighted that it has been a dry year. Over the past year, the monthly yield of the flow coming into the reservoir has been below average. In early spring of 2012, the

flow was below average, as it also was during the winter months of December, January and February. Over the long-term average, the system yield is lower but because the MWRA has such large reservoirs, which include the Quabbin and Wachusett, the MWRA is able to withstand prolonged periods of below normal rainfall.

If you are interested in viewing the presentation on the Orange Notebook at the May Board of Directors meeting, please click [here](#).

Delegated Authority Report - April 2013

Mr. Walsh stated that staff seems to be going through quite a few muffin grinders, why is that? Mr. Hornbrook stated that this was a lesson learned from the Braintree-Weymouth pump station. There is a muffin monster grinder at the Quincy pump station. Staff has not experienced any issues with industrial rags at that facility. There is some grease once in a while, especially in the summer time. There is a cutter head at the facility and if there is an issue, there is an overflow screen that can be raked. Staff has a cutter screen onsite at the Quincy location in case the current one goes out and to minimize any impacts.

Deputy Director of Administration and Finance Michelle Gillen noted that purchasing, operations and budget staff closely track the diesel fuel market and try to make purchases when it is needed and when the prices are favorable. The price continues to drop so there is an advantage to make purchases now.

Ms. Madden pointed out that out of all the items included on the list, five of them were planned purchases so it was scheduled to be made according to the calendar. Eight of the items are recurring contracts. There were no critical need purchases in the final piece; there was only one amendment for the John J. Carroll Water Treatment Plant.

Mr. Vitale asked if staff involves itself in sole-source contracts. Ms. Madden stated that staff tries to limit those. Staff is constantly researching to see if there are other providers. Any sole-source request goes through the Chief Operating Officer, the Deputy Director of Administration and Finance and then the Director of Administration and Finance. The process is closely monitored by staff. Ms. Gillen noted that staff does not just rely on the industry market research but sometimes it is put out to bid to actually test the market. Most often, that is consistent with what the research has indicated and staff will get the one bidder. Ms. Madden highlighted that it is a diligent justification process before staff approves it.

FY13 Preliminary Financial Update and Summary as of April 2013

Ms. Madden stated that year-to-date, staff is reflecting a total favorable variance of \$5.5 million. This is after an additional transfer of \$1.1 million in variable rate savings into the defeasance account, which now brings that account to \$10.6 million.

Ms. Madden highlighted that the defeasance account currently stands at \$10.6 million and on average has been looking at \$1 million deposit each month due to the lower budgeted variable rate. Should these trends continue, the savings from favorable short-term rates are projected to grow to \$16.7 million at year-end when all variable rate debt, including commercial paper (estimated at \$3.3 million), is reconciled. Beyond the variable rate, staff is projecting an additional \$4.2 million in debt service savings based on the timing of the State Revolving Fund (SRF) payment requirements and the effect of not issuing the new money borrowing originally budgeted for this year. As a result, the total capital finance savings deposited into the defeasance account are projected to reach \$20.9 million by year-end. However, there are other projected surplus funds that can be used to augment the size of the proposed defeasance. All of these funds will be utilized to defease future debt.

Beyond capital finance related variances, staff projects a surplus of approximately \$6.1 million at year-end, of which \$5.0 million is for lower direct expenses, \$650,000 is for lower indirect expenses, and \$501,000 is for greater than budgeted revenue.

Based on the defeasance account total of \$20.9 million and \$6.1 million from the lower operating expenses and higher revenues currently projected for year-end, staff requested Board authorization in a separate staff summary for a \$25 million defeasance to be executed in June 2013.

Mr. Vitale asked if there is temporary help to fill vacant positions. Ms. Madden explained that very rarely does staff hire a temporary person to fill a vacant position; staff just re-shifts responsibilities. Mr. Vitale also asked if there were contract employees and what line item that would be listed under. Ms. Madden stated there are currently seven contract employees and that is listed under wages and salaries. MWRA Budget Director Kathy Soni stated that the only exception is in the MIS Department; there are contract positions there, which are listed under professional services. Ms. Madden stated the reason for that is that the contractor is hired through a firm through a state contract that has expertise in the services the MWRA needs. Staff is hiring the firm and that is why it is counted differently.

Mr. Vitale asked how long the contracts are. Mr. Laskey stated that under Delegated Authority, staff has the authority to hire contract employees for up to one year. If it goes beyond a year then it requires Board approval to extend the contract.

CSO Project Update

Mr. Hornbrook stated that two more projects have been completed ahead of schedule or on schedule. This includes the Brookline Sewer Separation project that was completed by the Town of Brookline on April 25, 2013, which was ahead of the July 2013 court milestone. The CAM004 Stormwater Outfall and Wetland Basin project by the City of Cambridge was also completed on April 25, 2013, in compliance with the April 2013 court milestone. Currently, 31 out of the 35 projects in the long-term CSO Control Plan have been completed.

Mr. Laskey noted that all of the projects have been difficult to either get approved or completed. The projects have been completed in a highly urbanized area, which includes a lot of residents and challenges with disrupting the neighborhoods. This includes challenges with traffic, parking spaces, and utility companies. Overall, staff has made good progress with these projects across the board.

If you are interested in viewing the CSO Project Update presentation made at the May Board of Directors meeting, please click [here](#).

Progress of BWSC-Implemented CSO Projects and Projected Financial Assistance through December 2013

Staff explained that the MWRA executed a Memorandum of Understanding (MOU) and Financial Assistance Agreement with the Boston Water and Sewer Commission (BWSC) back in 1996 to implement some of the CSO abatement projects in the MWRA's long-term CSO Control Plan. There are ten projects currently in the agreement that are funded by the MWRA. Nine of the ten projects are now complete. The only remaining work is the completion of Reserve Channel Sewer Separation project over the next two and half years as well as continuing the removal of inflow from the BWSC Dorchester Interceptor.

The total award amount of the agreement is about \$289 million in funding to BWSC. About \$281 million will have been transferred to BWSC once staff completes the pending transfer of about \$10.8 million. Approximately \$5 million of the remaining \$8.5 million is associated with Reserve Channel Sewer Separation and approximately \$3.5 million is associated with the inflow removal in Dorchester.

Update on the Hultman Aqueduct Rehabilitation and Interconnections with the MetroWest Tunnel

Mr. Hornbrook stated that this project has reached an important milestone on the water side. The Hultman Aqueduct is now online from Marlborough all the way to Weston. Staff has been before the Board many times on these two construction contracts. Both of these contracts were awarded to rehabilitate the Hultman Aqueduct. As most know, the Hultman Aqueduct was the single means of conveying water flow from Marlborough all the way into the Route 128 Weston Area (Shaft 5) and from there it went into the city tunnel to Chestnut Hill. Since the 1930's, when the Hultman was planned and constructed, the Hultman conveyed 85% of the flow into Boston. It was always intended to be double barreled (two-pipe system); however, the war broke out and the second barrel was never constructed. The MWRA also constructed the MetroWest Tunnel. Today, not only are both lines rehabilitated, staff has also done multiple interconnections between the two.

Mr. Carroll congratulated staff on a fabulous job on this project.

In addition to getting redundancy for the first time since the 1930's, staff was able to accelerate the project after the May 2010 break with the Board's urging and support. Staff brought major segments of the Hultman online 28 months ahead of schedule.

Mr. Laskey thanked the Board for its support on this project. There were substantial change orders to accelerate this project. It's reassuring to know that staff was able to accomplish this goal. This was no small task and he offered his compliments to those that designed and constructed the project, as well as the western operations staff that were critical in all the various configurations.

If you are interested in viewing the presentation on the Hultman Aqueduct and Interconnections with the MetroWest Tunnel made at the May Board of Directors meeting, please click [here](#).

Update on Drinking Water Regulatory Changes

Program Director Steve Estes-Smargiassi stated that it has been a busy time on the drinking water side with a lot of changes over the last few years. The biggest change is in the total coliform rule, which affects every single water supplier across the country. Community staff has been trained on the changes over the last six months or so. It has been a rule that has caused a lot of confusion. If a community has more than 5% total coliform in its system in a month, it is a violation of the primary drinking water standard. It would require a public notice to the community and would have to be published in the public newspaper within 30 days. The notice is confusing because it tells people that they violated a standard, however it also tells them not to worry. EPA recognized years ago that this rule had some substantial problems and has been working at both streamlining it to reduce the burden and improving public health. EPA has succeeded at making these changes. The 5% trigger has been changed and triggers an evaluation of the distribution system. There is a simple two-sided sheet of paper that a community can access and evaluate different aspects of their system from the source to the home where the samples were taken to see if there is a problem. If a problem is detected, it can be handled by the community staff. This change is a major improvement.

Typically, EPA requires these rule changes to be applied within three years. In Massachusetts, it has taken 35 to 36 months to get the rules out. The Safe Drinking Water Act Advisory Committee and others have

pushed DEP and they have agreed to get this done quickly. DEP has actually tried to set a target to get this rule implemented by the end of the year.

The other big change that MWRA staff has been pushing has to do with lead and brass. When Congress originally put together the Safe Drinking Water Act, they defined lead-free in brass; this could be brass in faucet in your kitchen or bathroom, brass in a water meter or curb stop. Lead-free was up to 8%. The change now is for 0.25% lead in brass. Congress passed it a little over two years ago and it will come into effect in January 2014.

Two other rules have changed the way staff conducts sampling. The first is disinfectant byproducts, which is when chlorine is added to the water and interacts with the natural organic material and forms byproducts; some of which may be hazardous to health at high levels. Several years ago EPA changed the rules but not the standard level; the change was the way compliance is measured. For the MWRA system, the principal impact of the new regulation ended up being the need to add additional sampling sites. Previously, the sampling program had 16 sites monitored quarterly; the new program requires quarterly samples at one site in each fully supplied community for a total of 32 sites in the Metro Boston system. As required, sampling began in the second quarter of 2012, and the results of the first four quarters of data have now been received.

The new rule also requires that the method of assessing compliance with the Maximum Contaminant Levels be changed once four quarters of data are available. Under the old rule, compliance was based on averaging all sites over four quarters-a running annual average (RAA). The new rule requires a specific calculation for each of the 32 sites over four quarters-a locational running annual average (LRAA). The highest LRAA will be the one that determines if the system is in compliance with the rule. The good news is that this has been worked on for about a year and there is data that puts the MWRA at 10% of the standard.

The other rule that has involved a lot of sampling is what is called the Unregulated Contaminant Monitoring Rule (UCMR). EPA is periodically required by the Safe Water Drinking Act to tell the MWRA to go out and sample things that may need to be regulated. It needs to be indicated that it is a health problem and that there is something that can be done about it. Staff is sampling for a large number of metals and other substances. The first quarterly results were received in early March 2013. Only three substances were present above the required very sensitive detection limits: total chromium, strontium, and chlorate. UCMR results must be included in the Annual Water Quality Report beginning in June 2014, even though the contaminants are not regulated.