

**MWRA Board of Directors Meeting
May 14, 2014
Voting Summary Sheet**

Item Name	Type	Notes	Vote	Discussion Highlights
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	<ul style="list-style-type: none"> Authorized the defeasance of approximately \$27,220,000 of outstanding MWRA senior bonds Reduces the debt service requirement by approximately \$31,273,400 in the FY15 through FY18 timeframe 	Unanimous	*
Memorandum of Understanding and Financial Assistance Agreement with BWSC for Implementation of CSO Control Projects, Amendment 14, and Progress of BWSC-Implemented CSO Projects and Projected Financial Assistance through December 2014	Approval	<ul style="list-style-type: none"> Approved Amendment 14 to the MOU and FAA with BWSC for implementation of CSO Control Projects Increased by \$3,143,982.04 Total Financial Assistance: \$292,595,398.28 	Unanimous	
Wilmington Water Supply Continuation Agreement	Approval	<ul style="list-style-type: none"> Approved ten-year Water Supply Continuation Agreement with the Town of Wilmington Interest rate for entrance fee adjusted to 4.34% (from 4.67%) per Advisory Board vote on April 17, 2014 	Unanimous	*
Renewal of Employment Contract, Part-Time Administrative Assistant, Clinton Wastewater Treatment Plant	Approval	<ul style="list-style-type: none"> Renewal Contract with Ms. Jane Densmore \$21.75/ hr – Not-to-exceed: \$22,620 annually Term: July 1, 2014 to June 30, 2015 	Unanimous	
Appointment of Program Manager, Environmental Quality Department	Approval	<ul style="list-style-type: none"> Appointed: Douglas Hersh, PhD Salary: \$99,318.82 (Unit 9, Grade 29) Effective: May 17, 2014 	Unanimous	
Valve and Piping Replacements at Various Facilities Deer Island Treatment Plant, Contract 7275	Contract Award	<ul style="list-style-type: none"> Awarded: Carlin Construction Co., Inc. Amount: \$16,960,425 Term: 1,095 calendar days from NTP 	Unanimous	*
Northern Intermediate High, West Street Transmission Main – Reading, Contract 7066	Contract Award	<ul style="list-style-type: none"> Awarded: P. Caliacco Corp. Amount: \$1,565,357 Term: 180 calendar days from NTP 	Unanimous	
Third Quarter FY14 Orange Notebook	Information	<ul style="list-style-type: none"> UV disinfection facilities at the Carroll WTP were completed and are in regulatory compliance as required by Long-Term 2 Enhanced Surface Water Treatment Rule Overall power generated at Deer Island (from CTGs, STGs and hydro-electric generators) exceeded the target by 3.4% Renewable power generation accounted for 25.2% of Deer Island's electric power consumption 	n/a	*
Delegated Authority Report – April 2014	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*
FY14 Financial Update and Summary as of April 2014	Information	<ul style="list-style-type: none"> YTD expenses lower than budget by \$4.8 million or 0.9% \$1 million transferred to Defeasance Account Defeasance Account balance: \$10.6 million Projected Defeasance Account balance at year-end: \$19.8 million Adjusted CIP underspending: \$23.3 million 	n/a	*
Update on the Operation and Maintenance of the Pelletizing Plant	Information	<ul style="list-style-type: none"> Current contract with NEFCo expires on December 31, 2015 Options: <ul style="list-style-type: none"> Newly bid 20-year contract Newly bid 5-year contract 5-Year extension with NEFCo followed by a future 20-year competitively bid contract 	n/a	*
Quincy Power Failure – Damage to Pelletizing Plant	Information	<ul style="list-style-type: none"> On 5/7/14, a power outage shutdown the Pelletizing Plant in Quincy Several Variable Frequency Drives were damaged Original Equipment Manufacturer will cover repairs/replacement under warranty 	n/a	*

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Chicopee Valley Aqueduct (CVA) – Shea Avenue Repair	Information	<ul style="list-style-type: none"> • Contract 6468 for repair of a leak on the CVA was issued to J. D’Amico, Inc. in the amount of \$768,995 and a term of 208 calendar days • Attempts to install a downstream line stop were delayed by one week because the line stop did not initially seat properly • Ten days after installation, the line stop began to leak at a rate of 1,500 to 2,000 gallons per minute • A temporary inflatable plug and 12-inch outlet were successfully installed • It is anticipated that the CVA will be fully repaired/reactivated by the end of May 2014 	n/a	
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Administration and Finance
 Wastewater
 Water
 Personnel
 * Advisory Board position



MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, May 14, 2014

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on May 14, 2014 at the Charlestown Navy Yard. **Present:** Chair Richard Sullivan, Joel Barrera and Jennifer Wolowicz, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Henry Vitale, Kevin Cotter and Brian Swett, City of Boston Representatives; Jack Walsh, City of Quincy Representative. **Absent:** Paul Flanagan, Town of Winthrop Representative.

Report of the Chair

No report.

Report of the Executive Director

MWRA Executive Director Fred Laskey provided the Board with a monthly update on co-digestion. Staff is continuing to assess the feasibility of moving the food waste by barge. As part of the assessment, Deer Island staff and Boston Tow & Transportation have inspected the pier and found it to be in good condition.

As Waste Management looks at various options for barging, including the concept of a large barge once per week, the Authority has hired a firm to determine if any dredging will be necessary. In addition, Waste Management has received a MEPA certification and DEP Chapter 91 permit for its Charlestown facility. Construction is expected to take about six months.

MWRA held an open-house for residents of Winthrop. The tour of Deer Island was well advertised and about 45 people attended.

Staff is looking into whether the pipeline from the pier to the receiving location can be done in-house. A cost-benefit analysis will be provided to the Board when these issues are resolved.

Mr. Laskey stated that he has met with DEP Commissioner Dave Cash and he reiterated his support for the co-digestion pilot study, along with Chairman Sullivan.

Board Member John Carroll asked if the material to be barged would be unloaded into a wet well. David Duest, Director of the Deer Island Wastewater Treatment Plant, said there is a 62,000 gallon wet well; however, one barge from Waste Management could bring 200,000 gallons. Mr. Carroll asked where a larger wet well would be. Mr. Duest said the larger wet well would be inside the complex; that is part of the \$480,000 in costs.

Mr. Laskey noted that Waste Management does not want to barge 7-days per week, but instead make maybe one or two barge trips with larger quantities in each load. Staff is focusing on what to do with large quantities.

Board Member Brian Swett thanked staff for the updates. He stated that this is a huge topic. There is not an infrastructure in place. MWRA could provide a necessary outlet at a return that is good for the MWRA.

Chairman Sullivan said that the state knows that there will be costs that need to be reimbursed. DEP and EEA (Energy and Environmental Affairs) will sit at the table to see how we get from here to there.

Mr. Carroll said that he assumes that these costs are going to be borne by someone other than the ratepayers. Chairman Sullivan said the state knows there will be costs but we don't know what they are. Co-digestion fits into grant categories that can help to defray these costs.

Mr. Laskey noted that questions have been raised as to how the Authority uses its current methane. Proposals have been made that there are more efficient ways to make energy than the way the MWRA does it. The methane is used to make steam to heat the Deer Island Treatment Plant and make electricity. The new proposal says that making electricity first would increase the benefit, even without co-digestion.

The Authority is in receipt of a letter from the Town of Winthrop, which is having an issue with its water system. Winthrop is seeking an upfront issuance from the Water Assistance Program for a critical need that they view as an emergency. They would like to take their allotted funds all at once. Staff will bring this back to the Board at a future meeting.

Mr. Swett asked why this issue is taking the Town by surprise. Deputy Chief Operating Officer John Vetere stated that Winthrop has had a problem with a water tank for many years; they are not able to supply the amount of water that is now needed.

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 and other instruments and to take such other actions necessary to effectuate the redemption and defeasance of an aggregate principal amount of approximately \$27,220,000 of outstanding MWRA senior 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 \$31,273,400 in the FY15 through FY18 timeframe.

Staff provided the Board with a presentation on Bond Defeasance of Future Debt Service.

Director of Administration and Finance Rachel Madden stated that the defeasance of debt and aggressive management of operational expenses have been the key to the Authority's multi-year strategy to keep assessment increases predictable and manageable.

Board Member Henry Vitale said that some would say that the Authority should lower its projections. Mr. Vitale stated that he believes it is an outstanding strategy to utilize, noting that he talked about the Authority with the rating agencies and they look upon this strategy as favorable.

Memorandum of Understanding and Financial Assistance Agreement with BWSC for Implementation of CSO Control Projects, Amendment 14, and Progress of BWSC-Implemented CSO Projects and Projected Financial Assistance through December 2014

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute Amendment 14 to the Memorandum of Understanding and the Financial Assistance Agreement with Boston Water and Sewer Commission for Implementation of CSO Control Projects, increasing the award amount by \$3,143,982.04 from \$289,451,416.24 to \$292,595,398.28.

Wilmington Water Supply Continuation Agreement

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute a ten-year Water Supply Continuation Agreement with the Town of Wilmington, substantially in the form presented and filed with the records of the meeting.

Board Member Andrew Pappastergion asked how a community can go from 9.6% unaccounted for water to 3.6%. He stated that he doesn't know of any community that has that. Manager of Policy and Planning Pam Heidell stated that three or four communities in the MWRA system have reported these numbers to DEP.

Mr. Vitale asked how the 4.34% interest rate for Wilmington's annual entrance fee payment was determined. Director of Finance and Administration Rachel Madden stated that it is the average cost of fixed-rate debt.

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

The Board voted to approve the renewal of a part-time employment contract with Ms. Jane Densmore, Administrative Assistant at the Clinton Wastewater Treatment Plant, for a period of one year, from July 1, 2014 to June 30, 2015, at the current hourly rate of \$21.75, for an annual compensation amount not-to-exceed \$22,620.

Appointment of Program Manager, Environmental Quality Department

The Board voted to approve the Executive Director's recommendation to appoint Douglas Hersh, PhD, to the position of Program Manager, Environmental Quality Department (Unit 9, Grade 29), at an annual salary of \$99,318.82, to be effective May 17, 2014.

Contract Awards

Valve and Piping Replacements at Various Facilities – Deer Island Treatment Plant: Carlin Construction Co., Contract 7275

The Board voted to approve the award of Contract 7275, Valve and Piping Replacements, Various Facilities, Deer Island Treatment Plant, to the lowest responsible and eligible bidder, Carlin Contracting Co., Inc., and authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$16,960,425, for a contract term of 1,095 calendar days from the Notice to Proceed.

Richard Adams, Manager, Engineering Services, provided the Board with a [presentation](#) on Valve and Piping Replacements at Various Facilities. Staff noted that this is one of the most complex and difficult contracts at Deer Island since the Boston Harbor Project.

Board Member Kevin Cotter asked about the “shut-down” period. Staff replied that there will be as many as 50 eight-hour, nighttime (11 pm to 7 am) shutdowns of all pumping at both the North Main Pump Station and Winthrop Terminal Facility. Mr. Cotter asked, “what if something happens?” MWRA Chief Operating Officer Michael Hornbrook stated that blind flanges will be left on. This work must be completed in dry weather as well. The contractor will only work on one pump at a time. Scheduling may be altered by wet weather events.

Mr. Laskey noted that bids were grouped together, with good competition. The winner of the bid, Carlin Contracting Co., Inc., was not familiar to the Authority; references were checked with positive feedback.

The second place bidder, Walsh Construction Company, lodged a challenge with the Attorney General’s Office saying that Carlin had failed to submit a Division of Capital Asset Management (DCAM) Certificate of Eligibility with its bid; however, MWRA staff verified promptly after bids were opened that Carlin was properly certified by DCAM. (The Attorney General concurred that MWRA had the discretion to accept Carlin’s bid under the circumstances and denied the protest.)

Northern Intermediate High, West Street Transmission Main – Reading: P. Caliacco Corp., Contract 7066

The Board voted to approve the award of Contract 7066, Northern Intermediate High, West Street Transmission Main – Reading, to the lowest responsible and eligible bidder, P. Caliacco Corp., and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$1,565,357, for a contract term of 180 calendar days from the Notice to Proceed.

Information

Third Quarter FY14 Orange Notebook

MWRA Chief Operating Officer Michael Hornbrook provided the Board with an [update](#) on the Third Quarter FY14 Orange Notebook.

Mr. Carroll asked what the energy projections (from methane gas) would look like with co-digestion. Mr. Duest stated that it would be up 20% from the pilot study and could triple to 12.5 megawatts with a full scale operation (for power and heat).

Delegated Authority Report – April 2014

Ms. Madden highlighted the April 2014 delegated authority purchases. There were no critical need purchases made; all purchases were planned and budgeted.

Board Member Jennifer Wolowicz asked whether the Quabbin Reservoir Spillway Fencing Rehabilitation can be completed in the 106 days as stated in the staff summary. Mr. Hornbrook responded in the affirmative, noting that the circa 1940 steel fence will be taken out so that the repairs can be made in a safe manner. Temporary fencing will be installed.

Mr. Vitale asked how long KPMG LLP has handled audit services for the MWRA. Director of Administration and Finance Rachel Madden stated that she believed KPMG LLP began its auditing services for the Authority beginning in 2006. The original contract was set up for a one-year contract with an option for three-year renewals. Ms. Madden noted that other firms have submitted bids for these services; however, they did not meet the bid criteria restrictions, one of which is that it must be a national firm.

FY14 Financial Update and Summary as of April 2014

Staff provided the Board with a financial update and summary as of April 2014.

Mr. Vitale asked the status of the MWRA's union contracts. Mr. Laskey stated that the first of five units has expired; the other four will expire at the end of June. Deputy Director of Human Resources Karen Gay-Valente noted that negotiations are underway with three of the five units. Another unit is scheduled to meet with the MWRA in June. Mr. Laskey stated that there would be more discussion on collective bargaining in Executive Session.

Mr. Vitale asked how the Authority fared in the renewal of health insurance. Human Resources Director Robert Donnelly stated that health insurance came in lower than expected, with a 1% average adjustment.

Update on the Operation and Maintenance of the Pelletizing Plant

Mr. Laskey noted that the Authority is facing an important strategic decision coming up in 2015 in regard to the future of residuals. Staff provided the Board with an [update](#) on the operation and maintenance of the Pelletizing Plant.

Mr. Carroll asked if the MWRA goes to a new long-term bid package, what advantage will the present operator have over other bidders. Mr. Duest stated that the current operator, NEFCo, knows the facility and the capital requirements. The MWRA owns the equipment. Mr. Hornbrook noted that NEFCo also has an established market for this product. NEFCo has long-term established users, which is a big advantage for them. The pilot

program could impact the way that staff packages a bid as well. Mr. Duest noted that regulatory issues could be a problem because of the impacts of phosphorus. A dramatic increase or decrease in the amount of pellets could affect the contract.

Quincy Power Line Failure – Damage to Pelletizing Plant

Manager of Residuals Operations Carl Pawlowski stated that one week ago, the New England Fertilizer Company (NEFCo) experienced a major power outage in Quincy. A semi-truck took out a utility pole. The power came on and went out four to five times causing damage to three variable frequency drives (VFDs), which were repaired within five days. Three of the VFDs were replaced under warranty.

Staff is working with the manufacturer to learn how to protect the equipment in the future. There were no financial impacts to the Authority because the VFDs were covered under warranty. NEFCo was efficient and got up and running within hours.

To view the PowerPoint presentation, please click [here](#).

Chicopee Valley Aqueduct – Shea Avenue Repair

Staff provided the Board with a [presentation](#) on the Chicopee Valley Aqueduct – Shea Avenue repair.

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