

**MWRA Board of Directors Meeting  
June 25, 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	*
Final FY15 Capital Improvement Program	Approval	<ul style="list-style-type: none"> <li>Approved FY15 CIP with a \$145.1 million spending level, including contingency</li> <li>Approved responses to the Advisory Board's <i>Comments and Recommendations</i></li> </ul>	Unanimous	*
Final FY15 Current Expense Budget	Approval	<ul style="list-style-type: none"> <li>Adopted FY15 Final CEB with current revenue and expenses of \$674.5 million</li> <li>Adopted FY15 Final Operating Budget (Trustee's Budget)</li> </ul>	Unanimous	*
Final FY15 Water and Sewer Assessments	Approval	<ul style="list-style-type: none"> <li>Effective July 1, 2014, for FY15</li> <li>Water system assessments: \$210,233,607</li> <li>Sewer system assessments: \$440,082,175</li> <li>Clinton sewer assessment: \$500,000</li> <li>Lancaster sewer district assessment: \$230,801</li> <li>Worcester: \$132,717 for 7.9% of direct operating expenses of Clinton WTP</li> <li>Chicopee water assessment: \$3,294,586</li> <li>South Hadley Fire Dist. #1: \$677,949</li> <li>Wilbraham: \$687,080</li> <li>Wholesale water rate of \$3,239.66/mil gal</li> <li>Retail sewer rate: \$6,556.46/million gallons</li> </ul>	Unanimous	
Approval of One New Member of the Wastewater Advisory Committee	Approval	<ul style="list-style-type: none"> <li>Approved the addition of Mr. Daniel Winograd</li> </ul>	Unanimous	
I/I Local Financial Assistance Program Guidelines Revisions	Approval	<ul style="list-style-type: none"> <li>Approved revisions for Phases 9 and 10</li> <li>75% grant and 25% interest-free loan</li> <li>Extended loan repayment period to 10 years</li> <li>Communities must exhaust Phase 6 to 8 funds to become eligible for Phase 9/10 funds</li> <li>Grant/loan applications exceeding \$2 million require a 90-day notification period</li> <li>Executive Director can waive 90-day rule on a case-by-case basis</li> <li>Upon distribution of 50% of Phase 9 funds, Phase 10 funds will become available</li> <li>Phase 9 funds must be used prior to Phase 10</li> </ul>	Unanimous	*
Stoughton First Amended Water Supply Continuation Agreement	Approval	<ul style="list-style-type: none"> <li>Approved a rate adjustment in interest from 4.43% to 4.34% for Stoughton's remaining entrance fee payments</li> <li>Total reduction will be \$26,997.28 over the remaining eight years of its payment schedule</li> </ul>	Unanimous	
PCR Amendments – June 2014	Approval	<ul style="list-style-type: none"> <li>1 title change to a vacant position</li> <li>No monetary impact</li> </ul>	Unanimous	
Appointment of Program Manager, SCADA Engineering	Approval	<ul style="list-style-type: none"> <li>Appointed: Mr. Thai Nguyen</li> <li>Salary: \$99,318.82 (Unit 9, Grade 29)</li> <li>Effective: June 28, 2014</li> </ul>	Unanimous	
Appointment of Construction Coordinator	Approval	<ul style="list-style-type: none"> <li>Appointed: Mr. Jeremiah Sheehan</li> <li>Salary: \$99,462.06 (Unit 9, Grade 30)</li> <li>Effective: June 28, 2014</li> </ul>	Unanimous	
Appointment of Construction Coordinator	Approval	<ul style="list-style-type: none"> <li>Appointed: Mr. Terrence Flynn</li> <li>Salary: \$99,462.06 (Unit 9, Grade 30)</li> <li>Effective: June 28, 2014</li> </ul>	Unanimous	
Bond Consulting Engineering Services, Contract F231	Contract Award	<ul style="list-style-type: none"> <li>Selected: CDM Smith, Inc.</li> <li>Not-to-exceed: \$264,898</li> <li>Term: 36 months from notice to proceed</li> </ul>	Unanimous	
Extension of Contract for Executive Director	Other Business	<ul style="list-style-type: none"> <li>Extended Fred Laskey's employment agreement/appointment as Executive Director by one year to June 30, 2017</li> </ul>	Unanimous	

**MWRA Board of Directors Meeting**

**June 25, 2014**

**Voting Summary Sheet**

Extension of Contract for Chief Operating Officer	Other Business	<ul style="list-style-type: none"> <li>Extended Michael J. Hornbrook's employment agreement as Chief Operating Officer by one year to May 31, 2017</li> </ul>	Unanimous	
Delegated Authority Report – May 2014	Information	<ul style="list-style-type: none"> <li>Please see related staff summary</li> </ul>	n/a	*
FY14 Financial Update and Summary as of May 2014	Information	<ul style="list-style-type: none"> <li>YTD expenses lower than budget by \$5.9 million or 1.0%</li> <li>\$3 million transferred to Defeasance Account</li> <li>Defeasance Account balance: \$13.6 million</li> <li>Projected Defeasance Account balance at year-end: \$29.6 million</li> <li>Adjusted CIP underspending: \$34.6 million</li> </ul>	n/a	*
FY14 Water Assessment Adjustments	Information	<ul style="list-style-type: none"> <li>Due to an electrical issue with metering and communication equipment, assessment adjustments have been made</li> <li>Communities with adjustments are Chelsea, Framingham, Malden, Newton and Waltham</li> </ul>	n/a	
Update on Co-Digestion Pilot Program	Information	<ul style="list-style-type: none"> <li>Please see related Staff Summary</li> </ul>	n/a	*

Administration and Finance
  Wastewater
  Water
  Personnel
  \* Advisory Board position



MWRA Advisory Board Summary  
of the  
MWRA Board of Directors Meeting  
Wednesday, June 25, 2014

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on June 25, 2014 at the Charlestown Navy Yard. **Present:** Chair Maeve Bartlett, Joel Barrera and Jennifer Wolowicz, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph C. Foti, Advisory Board Representatives; Henry Vitale, Kevin Cotter and Brian Swett, City of Boston Representatives; Jack Walsh, City of Quincy Representative; Paul Flanagan, Town of Winthrop Representative.

**Report of the Chair**

New Secretary of the Executive Office of Energy and Environmental Affairs (EOEEA) and MWRA Board Chair Maeve Bartlett stated that she was proud and excited to be in this new position and that she is looking forward to working with everyone.

**Report of the Executive Director**

MWRA Executive Director Fred Laskey, on behalf of staff, expressed his thanks to outgoing Secretary of EOEEA and former Chairman of the MWRA Board of Directors Richard Sullivan for his leadership, courtesy, kindness and patience extended to staff.

MWRA Advisory Board Executive Director Joseph Favaloro stated that art has been used to depict important times in history – major disagreements or historic occurrences. If you were to go to the Museum of Fine Arts, you would see many examples of this. If you went to the Governor’s office, you would see artwork of individuals on the wall. Now that Chairman Sullivan is in the Governor’s office, he might like to hang artwork that Mr. Favaloro had created for him. The [picture](#) depicts a point of difference between the Chairman and Mr. Favaloro. Mr. Favaloro said, in seriousness, his door was always open to the Advisory Board and he provided us with an opportunity to express our positions directly to him. It has been a pleasure to work with Chairman Sullivan.

Board Member John Carroll stated that “Rick has been the tenth Chairman of the Board that I have been on for a long time. He has been terrific – honest and fair; I appreciate that.” On behalf of the Board, Mr. Carroll presented the Chairman with a plaque in recognition of his dedicated service. The plaque detailed all of the projects that were accomplished during the Chairman’s tenure.

Chairman Sullivan thanked the Board for being great colleagues and for their professionalism. He thanked Fred Laskey and staff, noting that their professionalism was exhibited by the nationally recognized awards and trophies that the MWRA has received. The Chairman stated that though he and Mr. Favaloro did not always agree on everything, at the end of the day Mr. Favaloro is representing the ratepayers and he took full

advantage of the Chairman's "open door policy." He stated that he is leaving the Board in great hands; Secretary Bartlett brings a wealth of experience across all the sectors.

Mr. Laskey stated that an algae bloom at the Wachusett Reservoir is being treated with copper sulfate. The algae bloom was picked up by the MWRA's early warning system.

Staff continues to make progress with administrators for the Department of Transportation on diverting storm drains in the Wachusett area.

The Water Pollution Abatement Trust is celebrating its 25<sup>th</sup> anniversary and has asked to hold its celebration at the Deer Island facility on Friday, July 25<sup>th</sup>.

A blind taste test was done at the American Water Works Association's national conference that was held in Boston in June. The Boston Water and Sewer Commission (BWSC) came in first and the MWRA came in second, which is no accident; it is the result of hundreds of millions of dollars being spent for ozone and UV treatment, lining and cleaning pipes, covered storage tanks and people working hard every day protecting the watersheds.

Board Member Henry Vitale, the Executive Director of BWSC, stated that BWSC is in partnership with the MWRA and the MWRA does a phenomenal job.

## **Approvals**

### **Final FY15 Capital Improvement Program**

The Board voted to: (1) approve the FY15 Capital Improvement Program (CIP), with a \$145.1 million spending level, including contingency; and (2) approve the Responses to the Advisory Board's Comments and Recommendations on MWRA's Fiscal Year 2015 Proposed Capital Improvement Program (Attachment D).

Director of Administration and Finance Rachel Madden noted that the MWRA will follow the Advisory Board's recommendation that the community based programs be removed from the capital spending cap.

Board Member Joel Barrera asked what the rationale was for removing those programs from the cap. Ms. Madden stated that the use of the community programs is outside of the control of the Authority. With the doubling of the I/I program and the communities' use of funds, it could put the Authority over its capital spending cap. Including the I/I program in the FY15 cap would have put the Authority over the cap by \$26 million.

MWRA Advisory Board Executive Director Joseph Favaloro stated that over all the important things the Board will vote on, one of the most significant votes is for the increase to the I/I program of \$160 million and the increase from 45% grant to 75% grant. The Advisory Board did not want to impact the Authority's ability to complete its capital program.

Mr. Barrera agreed. He asked how this program would be affected if the House includes I/I reimbursement in its infrastructure bill. Mr. Favaloro said the initiative would allow up to \$13 million in reimbursements to the MWRA for the I/I program on an annual basis, subject to appropriation.

Ms. Madden noted that there will be changes related to the I/I program. The MWRA will be asking communities to provide advance notice (90 days) for I/I funding that will be in excess of \$2 million to afford the Authority the opportunity to ensure that those funds will be at hand.

Mr. Barrera asked what the Authority is doing related to redundancy. Mr. Laskey stated that the Authority is continuing to move forward with redundancy projects. The Wachusett pump station project is going out to bid soon; it is a major project and will provide full redundancy from the Wachusett to Marlborough. The Southern Extra High project is moving further along in the planning stages and the Stoneham project is moving forward as well.

A strategic decision is needed regarding redundancy for Shaft 7 at Chestnut Hill. This is the MWRA's greatest vulnerability.

The Weston Aqueduct Supply Main 3 (WASM 3) remains under discussion; the plan on paper would drive a six-foot pipe up through Waltham. A tunnel is also being considered. Mr. Hornbrook stated that staff has been looking at a combination of tunnels and surface piping down to Sudbury. A [map](#) of redundancy tunnel options was shown to the Board.

Ms. Madden stated that the Authority is in agreement with 99.8% of the Advisory Board's recommendations.

Mr. Pappastergion said the MWRA has two grants in hand that have milestones but the Authority doesn't have the money. Ms. Madden said the Authority has money related to hydro but there would be a capital outlay. Mr. Pappastergion said he thought that EOEEA was going to fund the project. Budget Manager Kathy Soni said EOEEA is looking at the project, but cannot commit. Mr. Pappastergion asked if the project has been placed on hold pending that decision. Mr. Laskey said we are at 30% design and have reached a crossroad. We have talked about funding this with state credits. It is one project with two components. The turbine at Ware would provide electricity and the fish hatchery would receive cold water. The savings on electricity could be between \$50,000 to \$60,000 per year. The water cannot be run through the turbine and then go back into the river; it has to go through the fish hatchery.

The Fish and Wildlife personnel have agreed that there is a way to share some of the savings on electricity with the MWRA. Could the MWRA have a sharing of the savings, then add the credits?

Mr. Barrera asked what the piping would cost. Ms. Soni said the cost would be \$2.2 million. Mr. Laskey added that staff believes that number is high and that it could be done for less. There will be a full vetting on this project. Staff continues to seek grants and work with Fish and Wildlife personnel to bring a plan back to the Board.

Mr. Favalaro stated that he will continue to keep the pressure on streamlining the regulatory approach for inter-basin transfers and an easier process for system expansion. It took Reading five years to get through the regulatory process. The Advisory Board would like the state to get over the “goal line.”

Kathleen Baskin, Executive Director of the Water Resources Commission, stated that the Inter-Basin Transfer Act is the law regarding transferring water from one basin to another. As part of a regulatory reform, we are developing a Comprehensive Donor Basin application. Mr. Laskey noted that advocacy groups are opposing most reasonable concepts and vilifying the MWRA.

Mr. Pappastergion noted that since the hatchery project would be a benefit to the Commonwealth, why can't the state be more flexible with its grants? Mr. Laskey has emphasized this point to the Commonwealth.

### **Final FY15 Current Expense Budget**

The Board voted to adopt the FY15 Final Current Expense Budget with current revenue and expenses of \$674.5 million, as presented and filed with the records of the meeting as Attachments A and B, and the FY15 Operating Budget (Trustee's Budget), as presented and filed with the records of the meeting as Attachment D.

Board Member Andrew Pappastergion asked if there were any major differences with the Advisory Board. Ms. Madden stated that there is one recommendation that is policy-driven related to Other Post-Employment Benefits (OPEB). The Advisory Board has recommended that the MWRA wait to establish an irrevocable trust for the OPEB liability until the Authority reaches full funding in its pension liability. Staff has agreed not to fund the trust as of now, but wants to start the legal documentation process prior to fully funding the pension liability.

Mr. Barrera asked when the pension liability will be fully funded. Treasurer Tom Durkin stated that the pension is expected to be fully funded in 2017 and is at 94.1% funded now. Mr. Barrera said the MWRA can be proud that we are at this place and better off than so many other agencies.

Board Member Henry Vitale stated that BWSC has created an irrevocable trust and can give the MWRA a copy to assist staff. Ms. Madden accepted the offer with thanks.

Board Member Jennifer Wolowicz asked what the 10% increase for workers' compensation was based on. Ms. Madden stated that the increase was based on projections and actual claims; the MWRA is self-funded and has a reserve for workers' compensation. Ms. Wolowicz asked if there are a lot of personnel out. Human Resources Director Robert Donnelly responded that on average, there are five to ten employees out. The Authority has a third-party administrator that provides an estimate of what each case will cost, which is set aside on the books.

Mr. Barrera congratulated MWRA and Advisory Board staff for working together on this document.

### **Final FY15 Water and Sewer Assessments**

The Board voted to adopt the following effective July 1, 2014: (1) Water system assessments of \$210,233,607 and sewer system assessments of \$440,082,175; (2) FY15 sewer assessments of \$500,000 for the Town of Clinton and \$230,801 for the Lancaster Sewer District; (3) FY15 charge to the City of Worcester of \$132,717, which represents approximately 7.9% of the direct operating expenses for the Clinton Wastewater Treatment Plant; (4) FY15 water assessments of \$3,294,586 for the City of Chicopee, \$677,949 for South Hadley Fire District #1, and \$687,080 for the Town of Wilbraham; (5) wholesale water rate of \$3,239.66 per million gallons; and (6) retail sewer rate of \$6,556.46 per million gallons.

### **Approval of One New Member of the Wastewater Advisory Committee**

The Board voted to approve the addition of Mr. Daniel Winograd to the Wastewater Advisory Committee.

### **I/I Local Financial Assistance Guidelines Revisions**

The Board voted to approve the following revisions to the I/I Local Financial Assistance Program Guidelines: (1) reconfigure the program's grant/loan split to 75% grant and 25% interest-free loan from the current 45% grant and 55% loan and extend the loan repayment period to ten years from the current five years for distribution of Phase 9 and 10 funds. (2) Require communities to exhaust their remaining Phase 6, 7 and 8 funds prior to becoming eligible for distribution of Phase 9 and 10 funds. (For remaining community financial assistance allocations under Phases 6, 7 and 8, the grant/loan split and loan repayment period will remain unchanged.); (3) extend the current 30-day notification period to MWRA for community grant/loan funding applications that exceed \$2.0 million to a 90-day notification period prior to the target distribution date; (4) based on the combined impact of each quarter's current community assistance applications, authorize the Executive Director to waive the 90-day notification rule on a case-by-case basis; and (5) establish a "trigger" by which each community's Phase 10 funds are automatically approved for local authorization when MWRA has distributed 50% of the community's Phase 9 funds. (All Phase 9 funds must be used prior to using Phase 10 funds.)

Carl Leone provided a PowerPoint [presentation](#) to the Board on Revisions to the I/I Local Financial Assistance Guidelines.

Mr. Barrera stated that these revisions are a great incentive for communities to move forward. Has the MWRA ever thought about a joint-community program? Mr. Leone stated that communities can do projects together. MWRA Chief Operating Officer Michael Hornbrook added that communities manage projects with other local needs. Logistics get complicated very quickly. The communities are happy managing the funding and projects at their own pace of spending.

Mr. Laskey noted that this is a major initiative that is going to provide an infusion for the communities.

### **Stoughton First Amended Water Supply Continuation Agreement**

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute the First Amended Water Supply Continuation Agreement between MWRA and the Town of Stoughton, substantially in the form presented and filed with the records of the meeting.

### **PCR Amendments – June 2014**

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

### **Appointment of Program Manager, SCADA Engineering**

The Board voted to approve the Executive Director's recommendation to appoint Mr. Thai Nguyen, Project Manager, SCADA (Unit 9, Grade 25), to the position of Program Manager, SCADA Engineering (Unit 9, Grade 29), at an annual salary of \$99,318.82, effective June 28, 2014.

### **Appointment of Construction Coordinator**

The Board voted to approve the Executive Director's recommendation to appoint Mr. Jeremiah Sheehan, Principal Civil Engineer (Unit 9, Grade 25), to the position of Construction Coordinator (Unit 9, Grade 30) in the Engineering and Construction Department, at an annual salary of \$99,462.06, effective June 28, 2014.

### **Appointment of Construction Coordinator**

The Board voted to approve the Executive Director's recommendation to appoint Mr. Terrence Flynn, Project Manager (Unit 9, Grade 25), to the position of Construction Coordinator (Unit 9, Grade 30) in the Engineering and Construction Department, at an annual salary of \$99,462.06, effective June 28, 2014.

## **Contract Awards**

### **Bond Consulting Engineering Services: CDM Smith, Inc., Contract F231**

The Board voted to approve the recommendation of the Consultant Selection Committee to select CDM Smith, Inc. to provide revenue bond consulting engineer services in connection with the issuance of revenue bonds and to authorize the Executive Director, on behalf of the Authority, to execute said contract with CDM Smith, Inc. in an amount not to exceed \$264,898 for a term of 36 months from the Notice to Proceed.



## **Other Business**

### **Extension of Contract for Executive Director**

The Board voted to extend the term of the Executive Director's employment agreement and appointment as Executive Director by one year to June 30, 2017.

### **Extension of Contract for Chief Operating Officer**

The Board voted to extend the term of the employment agreement with Michael J. Hornbrook, Chief Operating Officer, by one year to May 31, 2017.

## **Information**

### **Delegated Authority Report – May 2014**

Director of Finance and Administration Rachel Madden highlighted the May 2014 delegated authority purchases. There were no critical need purchases made; all purchases were planned and budgeted.

Board Member Jack Walsh said that he was concerned about some of the software contracts; how long is the software good for considering that the Authority will be spending \$700,000? Is it possible to get an idea of how much we spend for software licenses per year? Ms. Madden stated that this information can be provided. These contracts are in line with the Authority's MIS five-year strategic plan and provide the licensing and support required.

Mr. Walsh asked about the three-year leasing of 24 copiers. Ms. Madden stated that the leasing includes ongoing maintenance and service calls; it is financially more feasible to lease than own.

### **FY14 Financial Update and Summary as of May 2014**

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

Mr. Barrera stated that it is great that the defeasance strategy has worked; it is a lot of money. As a percentage of the budget, what is under-spending? Ms. Madden stated that it is 1% for expenses, 0.9% over on revenue and overall the MWRA is doing well at 2.6 to 2.7%.

### **FY14 Water Assessment Adjustments**

Please see related Staff Summary.

### **Update on Co-Digestion Pilot Program**

MWRA staff provided the Board with a comprehensive review on [co-digestion](#).

Mr. Carroll asked about the impacts of truck traffic on Charlestown. Mr. Laskey stated that the Charlestown facility is located in an industrial port. Mr. Barrera noted that the waste would be picked up over the region and would be between 15 to 20 trucks per day. Board Member Brian Swett stated that the waste would be picked up at several locations and full trucks would bring it to Charlestown.

Mr. Favaloro added that he would like to make a point to the Administration. With large increases predicted for FY17, in essence the state is asking my ratepayers to subsidize its initiative in the worst financial time. What happens if Waste Management can't make the numbers work? Does the Authority hold off until Waste Management is a "go?" Mr. Favaloro said, "Madam Chair, the state needs to come forward and ensure that there is no impact to ratepayers. In essence, the state should send a check to the MWRA." Mr. Hornbrook stated that the Authority will not move forward without Board approval. Waste Management has not committed to go forward and would seek assistance to pay for that. Deer Island Treatment Plant Director David Duest stated that Waste Management has offered to extend the contract.

### **Metropolitan Boston's Contaminant Monitoring System Tuning and Planning for Response**

Staff made a [presentation](#) entitled *Metropolitan Boston's Contaminant Monitoring System Tuning and Planning for Response*, which was initially presented at the American Water Works Association's annual conference in Boston.

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*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*