

**MWRA Board of Directors Meeting
March 11, 2015
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	*
MWRA's Dam Safety Program	n/a	<ul style="list-style-type: none"> Please see presentation within Board Summary 	n/a	*
Transmittal of Proposed FY16 Current Expense Budget	Approval	<ul style="list-style-type: none"> Approved transmittal of Proposed FY16 CEB to Advisory Board for review Proposed budget has combined assessment increase of 4.1% Total expenses are \$707.2 million (\$32.7 million or 4.8% over FY15 budget) 	Unanimous	*
Approval of Investment Policy	Approval	<ul style="list-style-type: none"> In compliance with State Finance and Governance Board's (SFGB) regulations, the Board adopted amendments to the MWRA's Investment Policy After review of document by Bond Counsel and Financial Advisor, minor typographical edits were made and Finance Advisory Board was changed to reflect becoming SFGB. 	Unanimous	
Final CSO Annual Progress Report for 2014	Approval	<ul style="list-style-type: none"> Authorized staff to submit the <i>Combined Sewer Overflow Annual Progress Report 2014</i> to the Federal District Court by March 15, 2015 MWRA will be in compliance with Schedule Seven of the Boston Harbor Case 	Unanimous	*
2015 Affirmative Action Plan	Approval	<ul style="list-style-type: none"> Approved: 2015 Affirmative Action Plan Effective: Jan. 1, 2015 to Dec. 31, 2015 	Unanimous	
PCR Amendments – March 2015	Approval	<ul style="list-style-type: none"> 3 title changes 1 location change 	Unanimous	
Appointment of Director, Internal Audit	Approval	<ul style="list-style-type: none"> Appointed: Brian Rozowsky Salary: \$122,000 (Non-Union, Grade 16) Effective: To be determined by Exec Director 	Unanimous	
Appointment of Manager, Benefits and HRIS	Approval	<ul style="list-style-type: none"> Appointed: Raymond Wagner Salary: \$107,633 (Non-Union, Grade 14) Effective: To be determined by Exec Director 	Unanimous	
Appointment of Senior Program Manager, Valves, Operations Division	Approval	<ul style="list-style-type: none"> Appointed: Steven Considine Salary: \$89,999.72 (Unit 9, Grade 30) Effective: March 14, 2015 	Unanimous	
Appointment of Manager, Maintenance, Metro East, Operations Division	Approval	<ul style="list-style-type: none"> Appointed: Daniel P. Keough Salary: \$118,000 (Non-Union, Grade 14) Effective: March 14, 2015 	Unanimous	
Fore River Railroad Adams Street Grade Crossing and Cattlepass Bridge Replacement, Contract FRR29	Contract Awards	<ul style="list-style-type: none"> Awarded: LM Heavy Civil Construction, LLC Amount: \$1,467,000 Term: 555 calendar days from NTP 	Unanimous	
Modeling Massachusetts Bay Water Quality 2014-2016, Contract OP-272	Contract Awards	<ul style="list-style-type: none"> Awarded: U- Mass/Dartmouth Cooperative research contract Amount: \$217,115 (to be matched by \$140,000 from U-Mass/Dartmouth) Term: 3 years from Notice to Proceed 	Unanimous	
Purchase Order for Three Jet/Sewer Cleaning Machines, Bid WRA-3971	Contract Awards	<ul style="list-style-type: none"> Awarded: Boston Freightliner, Inc. Amount: \$1,050,832 Cleans 6" to 60" diameter sewer and drain lines, inverted siphon barrels, catch basins, manholes, meter and vault chambers, wastewater facility wet wells, and vacuums soil excavations 	Unanimous	*
Community Leak Detection Task Order Services, Contract W298 (Liston); and Contract W298A (Wachs)	Contract Awards	<ul style="list-style-type: none"> Awarded: Liston Utility Services and Wachs Water Services Amount: Each not to exceed \$500,000 Term: 3 years (April 1, 2015 to March 31, 2018) 	Unanimous	

MWRA Board of Directors Meeting

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Pump, Gear Box, and Diesel Engine Upgrade, Prison Point and Cottage Farm CSO Facilities, Contract 7452, Change Order 7	Contract Amendments /Change Orders	<ul style="list-style-type: none"> Contractor: IPC Lydon, LLC Amount: Not to exceed \$115,000 No increase in contract term 	Unanimous	
Operation and Maintenance of Sludge Processing Facility – Fore River Pelletizing Plant, Contract S345, Amendment 1	Contract Amendments /Change Orders	<ul style="list-style-type: none"> Contractor: New England Fertilizer Co. (NEFCo) Amount: \$63,260,721 plus escalation, excess quantity charges, and a 15% design and administration payment for capital improvement projects entered into by MWRA 	Unanimous	*
Delegated Authority Report – Jan and Feb 2015	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*
Review of MWRA’s Draft Five-Year Strategic Business Plan 2016-2020	Information	<ul style="list-style-type: none"> Business Plan was developed as tool to guide staff in prioritizing projects and programs Plan helps to evaluate system-wide performance 	n/a	*
Second Quarter FY15 Orange Notebook	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	*
February 2014 Snow Storms Report	Information	<ul style="list-style-type: none"> MWRA facilities remained operational during storms and extreme cold temperatures MWRA did not experience any loss of water or sewer service to any communities 	n/a	*
Fiscal Year 2015 Mid-Year Capital Project Spending Report	Information	<ul style="list-style-type: none"> FY15 actual spending to date is \$48.7 million, compared to \$51.8 million budgeted To date, staff is managing over 112 design and construction projects 	n/a	*
FY15 Financial Update and Summary as of February 2015	Information	<ul style="list-style-type: none"> YTD totals through February are lower than budget by \$918,000 or 0.2% \$2 million was transferred to Defeasance Account in February YTD (through Feb) balance of Defeasance Account is \$10.8 million Defeasance Account projected to be at \$21.2 million by year end 	n/a	*
FY15 Sewer Assessment Adjustment	Information	<ul style="list-style-type: none"> Winthrop’s FY2015 sewer assessment should have been lowered by \$21,808, but wasn’t Adjustment will be applied to Winthrop’s FY2016 assessments 	n/a	
Preliminary FY16 Water and Sewer Assessments	Information	<ul style="list-style-type: none"> Based on rate revenue requirement of \$676,995,000 (4.1% increase over FY15) Allocated to MWRA communities based on their respective shares of CY14 MWRA water use, average of CY12-14 wastewater flows, corresponding strength of flows & population 	n/a	*
Progress of Cambridge-Implemented CSO Projects and Projected Financial Assistance through September 2015	Information	<ul style="list-style-type: none"> MWRA will transfer \$8,846,510.02 to the City of Cambridge CSO Account Funds will cover work from April to Sept 2015 Total MWRA funds transferred to Cambridge CSO Account = \$80,531,490.00. 	n/a	
Compliance with New Federal Regulations on Veterans and Individuals with Disabilities	Information	<ul style="list-style-type: none"> Please see related staff summary 	n/a	

Administration and Finance
 Wastewater
 Water
 Personnel
 * Advisory Board position



MWRA Advisory Board Summary
of the
MWRA Board of Directors Meeting
Wednesday, March 11, 2015

A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on March 11, 2015 at the Charlestown Navy Yard. Present: Chair Matthew Beaton, Gubernatorial Appointee; John Carroll, Andrew Pappastergion and Joseph C. Foti, MWRA Advisory Board Representatives; Henry Vitale and Austin Blackmon, City of Boston Representatives; Jack Walsh, City of Quincy Representative; Paul Flanagan, Town of Winthrop Representative. Absent: Jennifer Wolowicz, Gubernatorial Appointee and Kevin Cotter, City of Boston Representative.

Report of the Chair

Chairman Matthew Beaton offered his congratulations to Board Member Paul Flanagan on his renewed four-year appointment to the Board. He also welcomed new Boston representative Austin Blackmon to the Board as well. Mr. Blackmon is the new Environment and Energy Chief for the City of Boston.

Report of the Executive Director

MWRA Executive Director Fred Laskey stated that February is the 30th anniversary of the MWRA's first meeting and he provided a cake to commemorate the occasion.

Mr. Laskey thanked the managers and staff of the MWRA for their tireless efforts on behalf of the MWRA and the communities during the harsh winter storms.

There were a number of issues in and around the filing of House 1. Debt Service Assistance (DSA) is always an up-hill fight for the Authority and in light of the budget crisis that the Commonwealth faces, our expectations for DSA need to be tempered.

Mr. Laskey noted that he has expressed his concern to the State Administration and Finance Division that their early retirement incentive plan not be extended to the MWRA, even though there are a lot of good people that would like to avail themselves of this benefit. The MWRA's head count has dropped from a high of nearly 1,800 to 1,150. While the head count has been reduced by more than one-third, the Authority has been able to maintain or improve all of its performance indicators during that time. With only one in five positions being able to be back-filled in an early retirement program, it would cripple the MWRA with the continuity of operations. The governor stated yesterday that it was not his intention to extend the early retirement beyond the executive branch of employees.

Staff is looking into changes proposed to increase the employee's share of the percentage for their insurance to see how it will affect us as members and also how it will affect the MWRA's bottom line.

MWRA is taking advantage of the low energy prices, topping off the Deer Island tanks at \$2.14 per gallon.

Finally, Mr. Laskey recognized an employee that has done his job very effectively. John Mahoney is retiring from his position as Director of Internal Audit. As Director, he has retrieved \$34 million in over-billing by MWRA vendors and has found \$67 million in over-billing during his entire time in Internal Audit. He thanked Mr. Mahoney for all he has done. Mr. Mahoney thanked the Board, Mr. Laskey and senior staff for supporting the Internal Audit Department in its mission over his 27 years with the MWRA.

Presentation: MWRA's Dam Safety Program

Mr. Laskey said a decade ago there were substantial floods across the Commonwealth. An effort was made to update and improve the dam safety regulations and the MWRA has been responsive and aggressive in the protection and improvement of its dams.

John Gregoire, Program Manager, Reservoir Operations, provided the Board with a presentation on the [MWRA's Dam Safety Program](#).

Approvals

Transmittal of Proposed FY16 Current Expense Budget

The Board voted to approve the transmittal of the FY16 Proposed Current Expense Budget to the MWRA Advisory Board for its 60-day review and comment period.

Director of Finance Thomas Durkin provided the Board with a [presentation](#) on the Proposed FY16 Current Expense Budget. A number of important milestones are occurring or are proposed in FY16, including the release of reserves and the establishment of an irrevocable trust for other post-employment benefits (OPEB) to address that liability.

Mr. Laskey stated that the Long-Term Rates Management Committee was approved by the Board at the recommendation of the Advisory Board when this year's budget was established. The main issue is how to use the reserves that will be released. Mr. Vitale has already agreed to serve on this Committee and staff would seek two more Board members to serve on this Committee because there are huge strategic decisions to be made. Will these funds be used to jump-start the OPEB irrevocable trust or to lower rates, etc.?

Board Member John Carroll asked for the total number of reserves available. Mr. Durkin said there is \$45 million that comes from the RRR and CORE reserves; these funds were raised on the communities and staff refers to that as equity-raised. There are less restrictions on that \$45 million. The total of the released reserves is \$112 million but the other \$67 million is debt service related and has to be applied to specific bond series. Budget Director Kathy Soni noted that the \$67 million has already been embedded in the planning estimates.

Mr. Laskey said the reserve levels were established in the beginning of the Authority to get a good bond rating when it was not an established borrowing entity; now that the Authority is established, the Advisory Board recommended revisiting, re-sizing and releasing some of those reserves. There is a risk that if the MWRA doesn't do something responsible with that money, it could hurt the bond rating. The Authority needs to be very cautious and conservative in using those funds.

MWRA Advisory Board Executive Director Joseph Favaloro said the Advisory Board has long advocated for and worked closely with the Authority for the release of these reserves. The Advisory Board has [appointed its two members](#) on the Long-Term Rates Management Committee, Katherine Dunphy, Advisory Board Chair, and John DeAmicis, a member of the Executive Committee, along with Executive Director Joe Favaloro. The Advisory Board is looking for the most "bang for the buck" to benefit the ratepayers, while ensuring that the Authority's bond rating is not impacted.

Mr. Durkin noted that the Authority anticipates being at 95% funding for the pension fund.

Mr. Vitale said as staff goes through the current expense budget process and the capital budget, the notion of affordable water and sewer rates must be considered. What is the MWRA doing in relation to that? Can the ratepayers afford these increases? What should we be doing to address that issue? Mr. Laskey said the MWRA's goal is to keep the increases under 4%; hopefully that is reasonable. However, the "800 pound gorilla in the room" is the Municipal Separate Storm Sewer System (MS4) permits. That will be layered onto the stormwater costs for communities and will cripple people. The MWRA hasn't paid off Deer Island or the CSOs yet and now the regulators are coming with this wave of requirements on the cities and towns, which could be billions.

Amendments to Investment Policy

The Board voted to adopt the amendments to the Investment Policy in compliance with the State Finance and Governance Board's regulations (976 CMR 2.03), substantially in the form presented and filed with the records of the meeting.

Final CSO Annual Progress Report for 2014

The Board voted to authorize staff to submit the *Combined Sewer Overflow Annual Progress Report 2014*, in the form presented and filed with the records of the meeting, to the Federal District Court by March 15, 2015, in compliance with Schedule Seven of the Boston Harbor Case.

Staff provided the Board with a presentation on the [Final CSO Annual Progress Report for 2014](#).

2015 Affirmative Action Plan

The Board voted to approve the Massachusetts Water Resources Authority's Affirmative Action Plan effective for a one-year period from January 1, 2015 through December 31, 2015.

PCR Amendments – March 2015

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

Appointment of Director, Internal Audit

The Board voted to approve the Executive Director's recommendation to appoint Mr. Brian Rozowsky to the position of Director, Internal Audit (Non-Union, Grade 16), at an annual salary of \$122,000, to be effective on the date designated by the Executive Director.

Appointment of Manager, Benefits and HRIS

The Board voted to approve the Executive Director's recommendation to appoint Mr. Raymond Wagner to the position of Manager, Benefits & HRIS, Human Resources (Non-Union, Grade 14), at an annual salary of \$107,633, to be effective on the date designated by the Executive Director.

Appointment of Senior Program Manager, Valves, Operations Division

The Board voted to approve the Executive Director's recommendation to appoint Mr. Steven Considine (Unit 2, Grade 21) to the position of Senior Program Manager, Valves (Unit 9, Grade 30) at an annual salary of \$89,999.72, effective March 14, 2015.

Appointment of Manager, Maintenance, Metro East, Operations Division

The Board voted to approve the Executive Director's recommendation to appoint Mr. Daniel P. Keough (Unit 9, Grade 29) to the position of Manager, Maintenance, (Non-Union, Grade 14), at an annual salary of \$118,000, effective on March 14, 2015.

Contract Awards

Adams Street Grade Crossing and Cattlepass Bridge: Contract FRR29, LM Heavy Civil Construction, LLC

The Board voted to approve the award of Contract FRR29, Fore River Railroad Adams Street Grade Crossing and Cattlepass Bridge Replacement, to the lowest responsible and eligible bidder, LM Heavy Civil Construction, LLC, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the bid amount of \$1,467,000, with a contract term of 555 calendar days from the Notice to Proceed.

Modeling Massachusetts Bay Water Quality 2014-2016: University of Massachusetts/Dartmouth, Contract OP-272

The Board voted to approve the award of Contract OP-272, a cooperative research contract with the University of Massachusetts/Dartmouth, to conduct computer modeling of water quality in Massachusetts

Bay, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver said contract in the amount of \$217,115 (to be matched by \$140,000 from the University of Massachusetts at Dartmouth), for a contract term of three years from the Notice to Proceed.

Purchase Order for Three Jet/Sewer Cleaning Machines: Boston Freightliner, Inc., Bid WRA-3971

The Board voted to approve the award of a purchase order for three vector jet/sewer cleaning machines to the lowest eligible and responsive bidder under bid WRA-3971, Boston Freightliner, Inc., and to authorize the Executive Director to execute and deliver said purchase order in the bid amount of \$1,050,832.

Mr. Laskey said these vector jets are critical to the MWRA's ongoing operation; they take a heavy toll so it is important that we keep them running, modern and new.

Mr. Carroll asked if these were purchased through the state purchase bid list. Deputy Chief Operating Officer John Vetere said the Authority did bid for this purchase through its own procedures.

Community Leak Detection Task Order Services: Liston Utility Services, Contract W298; and Wachs Valve and Hydrant Services, LLC, dba Wachs Water Services, Contract W298A

The Board voted to approve the recommendation of the Consultant Selection Committee to select Liston Utility Services and Wachs Valve and Hydrant Services, LLC, doing business as Wachs Water Services, to provide leak detection task order services for MWRA's member communities, and to authorize the Executive Director, on behalf of the Authority, to execute and deliver Contract W298 with Liston Utility Services and Contract W298A with Wachs Valve and Hydrant Services, LLC, doing business as Wachs Water Services, each for an amount not to exceed \$500,000 and a term of three years, from April 1, 2015 through March 31, 2018.

Contract Amendments/Change Orders

Pump, Gear Box, and Diesel Engine Upgrade, Prison Point and Cottage Farm CSO Facilities: IPC Lydon, LLC, Contract 7452, Change Order 7

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 7 to increase the amount of Contract 7452 with IPC Lydon, LLC, Pump, Gear Box, and Diesel Upgrade, Prison Point and Cottage Farm CSO Facilities, in an amount not to exceed \$115,000, with no increase in contract term; and, further, to authorize the Executive Director to approve additional change orders as may be needed to Contract 7452 in an amount not to exceed the aggregate of \$250,000 in accordance with the Management Policies and Procedures of the Board of Directors.

Operation and Maintenance of Sludge Processing Facility – Fore River Pelletizing Plant: New England Fertilizer Co., Contract S345, Amendment 1

The Board voted to authorize the Executive Director to approve Amendment 1 to extend the term of Contract S345 with New England Fertilizer Company, Operation and Maintenance of the Fore River Pelletizing Plant, for

an additional five years, from January 1, 2016 through December 31, 2020 and authorize expenditures for that additional term in the amount of \$63,260,721 plus escalation, excess quantity charges, and a 15% design and administration payment for capital improvement projects entered into by MWRA.

Staff provided the Board with a presentation regarding the agreement between [MWRA and the New England Fertilizer Co. \(NEFCo\) on the Fore River Pelletizing Plant](#).

Mr. Carroll said he was interested in the following wording from the staff summary, “recommending a negotiated five-year contract extension with NEFCo, followed by a future long-term competitive procurement.” We can’t predict five years from now whether we are going to have a competitively-bid contract or whether we are going to negotiate again. Mr. Hornbrook said staff’s intent was that there would be a five-year extension and then five years from now a decision could be made based on any new technologies.

Mr. Carroll asked where the pellets go. Deer Island Treatment Plant Director David Duest stated that the pellets go all over the country; however, the largest distribution center is in Indiana. Everything is used for beneficial reuse, blending or alternative fuel. Mr. Carroll asked if we are doing anything with Bay State Pellets. Mr. Duest said last year the MWRA distributed 106 tons of Bay State Pellets, which is a “drop in the bucket” compared to total quantities. It is about 1%.

Information

Delegated Authority Report – January and February 2015

Director of Administration Michele Gillen and Director of Procurement John Sabino highlighted delegated authority purchases for January and February 2015. Ms. Gillen noted that there were seven contract awards and twelve purchase orders.

Board member Jack Walsh stated that the Authority is continuing to purchase a lot of computer equipment and hardware. Part of the original agreement was that we would get some cost savings out of this. He stated that he has never seen any cost-savings listed. Mr. Walsh said he understands the importance of staying on top of the new technologies, but if there is a savings, he would like to know about it. Ms. Gillen stated that the Authority has not realized savings yet; this is part of the ongoing program to mobilize our workforce. The savings will come later as we continue to allow staff to access both applications and data from the field. Ms. Gillen said staff will track this information and report back to the Board as the program moves along.

Mr. Laskey noted that at a future meeting, staff will be bringing forward a recommendation that could be considered a “fine-tuning” of delegated authority. There haven’t been any changes in delegated authority in the fourteen years that Mr. Laskey has been at the Authority and some of the dollar amounts and the sub-delegation beneath him may need to be increased because senior level managers are spending their whole day signing purchase orders for \$50 and \$100. Staff could provide an informational piece between now and the next Board meeting. In many cases, it would bring the Authority in alignment with the thresholds used by the state.

Board member John Carroll asked what the difference is in dollars between the two thresholds. Ms. Gillen said she believed the recommendation to the Board will be to increase the purchasing manager's delegated authority, which is now "up to \$2,000" to "up to \$5,000." The state purchasing director is at \$10,000. A further recommendation would be to increase the now Director of Administration's delegated authority from \$25,000 to \$35,000. The state, Massport and the MBTA are all slightly or significantly above what staff is proposing to this Board. Mr. Laskey stated that "it is not broken" but has become bureaucratically burdensome and is not a good use of highly-paid staff's time in signing off on very small orders. Ms. Gillen said the feedback that we get from the end-users (field staff) is that they think their ability to get equipment and materials would be a lot quicker if the purchasing manager's threshold was at a slightly higher level. Mr. Laskey stated that it relates to efficiency. Staff will provide something in writing.

Review of MWRA's Draft Five-Year Strategic Business Plan 2016-2020

Deputy Chief Operating Officer Carolyn Fiore, Project Manager Denise Breiteneicher and Senior Program Manager Lise Marx provided information to the Board on the MWRA's Draft Five-Year Strategic Business Plan.

Ms. Fiore stated that this draft plan attempts to answer the questions: Who? What? When? Where? Why? Ms. Breiteneicher said the Authority has been developing business plans since the early 1990s. The five-year plans tie into the broader plans such as the Master Plan. This year staff decided to streamline the business plan. Older versions talked about core and routine work; however, this plan will highlight special initiatives, things that staff thinks are important and help to prioritize as a management tool over the next five years. The plan is not only an internal document that helps to identify and manage priorities but staff also sees this document being utilized by the Board of Directors and the Advisory Board and also to provide transparency to the public because it will be posted on the MWRA's website and the public will be able to see the MWRA's priorities and where it will be headed in the next five years.

This plan does not supplant any other plan, it actually complements them by tying into the Master Plan and in the document itself when it is finalized and online will have hyperlinks to all of the other key documents. It will be reviewed annually. Mr. Laskey added that this is a key piece of an overall puzzle that flows down through the Yellow Notebook, the Orange Notebook, the Master Plan, the Five-Year Capital Plan and the maintenance plan. The audience for this is both internal and external; this is a simple way for the MWRA to show the world what it does and what its priorities are.

Second Quarter FY15 Orange Notebook

MWRA Chief Operating Officer Michael Hornbrook stated that the February storms hampered access to a lot of the MWRA's facilities and made it difficult to do things like manhole rehabilitations and leak detection. Routine maintenance staff was utilized to do snow plowing and snow removal and lower maintenance activities were prioritized, while major maintenance activities were continued. During the extreme cold in January and February, the MWRA did not experience any water line breaks or freezing of the lines. There was no access to city/town streets to do main line valve replacements due to snow as well. This will impact the MWRA's performance metrics on the replacements.

Mr. Hornbrook made a presentation on the [Second Quarter FY15 Orange Notebook](#).

Board Member John Carroll asked how many main lines out of the 2,000 have been replaced; where are we percentage wise? Director of Planning and Sustainability Steve Estes-Smargiassi said the target for main line valves is to have at least 95% of them operable and we are at 96.1% at the end of January. Mr. Hornbrook added that 100% of the 48 control valves are in operation and in good shape.

Board Member Jack Walsh said there was a secondary blending event that took place over 72 hours; is that typical? Mr. Hornbrook said it is a high number but it is based on the rain event; the secondary process limit was set at 700 and it continued to be 700 the entire time. In December, there was almost seven inches of rain and not only at Deer Island; the MWRA experienced sanitary sewer overflows in the north system as well. The blending events reflect the high volume of total flow received that month at Deer Island.

Mr. Walsh said you talk about the savings we have from the green energy side, do we take away the overhead maintenance from the savings? Mr. Hornbrook said that number reflects the savings we got from purchasing. We do the life-cycle cost where we estimate the maintenance and in some of them, we are finding that the maintenance is slightly higher. Staff is seeing higher maintenance costs for the wind turbines than had been estimated.

February 2014 Snowstorms Report

Mr. Hornbrook said staff thought it was important to highlight the impacts of the significant snowstorms for the Board through a [presentation](#). On the first big blizzard on January 26, the MWRA opened its Emergency Operations Center (EOC) and staffed it 24 hours per day. Operational maintenance staff was pre-positioned at various MWRA facilities to deal with any events. Pre-storm coordination was done with all of the divisions, including vehicle maintenance, warehouse, procurement and support divisions. Operator shifts at these facilities were extended in advance; staff did not want a shift change in the middle of a blizzard.

Essential personnel were identified and notified of their reporting requirements. The usual chemical and generator checks were performed and there was no operational loss of service throughout the January and February storms. Service was provided throughout the storms. The biggest task and challenge was snow removal and getting to facilities.

Piping to a gravity thickener was damaged due to a partially collapsed roof; the gravity thickener was offline so there was no service impact. Some fencing was also damaged on Deer Island from the waves and wind. Air intakes also froze over so staff will be designing a cover for protection of the air intakes.

Mr. Laskey stated that the MWRA employees really “stepped up” during these weather events and rose to the occasion, understanding the importance of keeping the Authority’s 100 locations open and accessible.

Mr. Walsh said he would like to thank the MWRA on behalf of the City of Quincy. The road to Nut Island was not accessible at all. It was a safety issue as people were walking in the streets and trucks couldn’t get up the

street. MWRA staff did a great job of clearing the snow and making the streets accessible and it was appreciated by the City of Quincy.

Board Member Henry Vitale said on behalf of the Boston representatives and the Mayor of Boston, he would like to thank Mr. Laskey and staff for doing a tremendous job in Charlestown and for the assistance the MWRA rendered to the Public Works Department in the City of Boston.

Board Member Joe Foti also gave thanks for staff's efforts in Chelsea; it helped immensely.

Board Member Paul Flanagan said the MWRA employees were great and should be commended. Mr. Hornbrook expressed his thanks.

Fiscal Year 2015 Mid-Year Capital Project Spending Report

Director of Finance Thomas Durkin said every month staff provides to the Board a financial update on both the Current Expense Budget (CEB) and the Capital Improvement Program (CIP). For the six-month review, staff has prepared a more comprehensive report on the spending for the CIP.

Mr. Vitale asked how much the Authority has in outstanding commercial paper. Mr. Durkin stated that the MWRA's commercial paper had been at \$144 million, however, that number was just reduced when new money was issued and staff refunded thinking that interest rates had been historically low so it would be advantageous. Commercial paper is now at \$130 million. Mr. Vitale asked who is buying the commercial paper. Mr. Durkin said staff hears that it is primarily insurance companies and some of the money market funds that are still "2A" eligible.

Mr. Foti noted that spending to date as of December was a little over on wastewater but just about reaching totals on everything else; are we expected to reach complete spending or be under or over? Budget Director Kathy Soni responded that this year's spending for the capital program is \$137 million; staff is in the process of looking at the projections and believes it will be \$95 million to \$110 million, based on how much staff can catch up on work that was slowed down by the recent snowstorms. Historically, under-spending has been in the 21 to 24% range.

FY15 Financial Update and Summary as of February 2015

Staff provided the Board with a financial update and summary as of February 2015.

Mr. Walsh asked about workers' compensation (WC). The forecast continues to be increases for WC; Mr. Walsh stated there has never been a decrease since he has been on the Board. He stated he could understand a 3% increase but the Authority is projecting a 6.9% increase in WC this year. Is there any rationale behind this? Ms. Soni said between fiscal years 2010 and 2016, spending on WC is hovering at \$2.2 million. Although in FY12, WC was \$1.6 million, in FY13 it was \$2.1 million and in FY14 it was \$2.3 million and FY15 is at \$2.2 million. For FY16, staff is proposing about \$2.4 million for WC. It is about the same level. Drivers for WC are the severity of the cases and the number of cases. This year staff is projecting to end the year with a \$400,000

overspending, with the majority attributable to five to six cases. Medical expenses are increasing at every level as well. Director of Administration Michele Gillen added that the short answer is that the budget is based on the average of three years of actual spending and increasing health care costs.

Mr. Laskey added that the Authority has a very aggressive training program. Safety kits are also provided and the Authority makes every effort to keep injuries to a minimum.

Mr. Vitale said in regard to interest rates, from now until June 30th on the investment side, what is staff forecasting to be the yield? On the debt side, what does staff think the yield will be? For the FY16 budget, what are you using for the interest rates on the investment side and the debt service side? Mr. Durkin said for FY15, for the next six months, staff is not adjusting the interest rates on investments. Investments are broken into two categories, one is the money market, which is primarily invested in MMDT at 0.2% and this morning it was at 0.21% so the variances have been very tight. The second portion of the portfolio is the fixed income; that portfolio is about 3.01%, with slight variances due to the fluctuation in the balances. It really doesn't change for FY16. With the draft final in June, there may be an adjustment depending on the market.

FY15 Sewer Assessment Adjustment

Mr. Durkin said this is a rather routine matter that allows staff to “true up” some estimated flows to the Town of Winthrop to actual flows. That adjustment will be reflected in the FY16 proposed assessments.

Preliminary FY16 Water and Sewer Assessments

Mr. Durkin provided the Board with an explanation of the preliminary FY16 Water and Sewer Assessments.

Mr. Laskey said the Advisory Board, representing the interest of the communities, has a goal of “Four No More.” Staff has come in at just over 4% so the work has already begun with the finance staff of both the Advisory Board and the MWRA to find ways to bring that number down into the 3s.

Progress of Cambridge-Implemented CSO Projects and Projected Financial Assistance through September 2015

Mr. Hornbrook stated that Cambridge is on schedule to complete the Cambridge-implemented CSO projects on time by December 2015 in accordance with court requirements. The Authority is about to transfer another \$8.8 million in compliance with its agreement.

Compliance with New Federal Regulations on Veterans and Individuals with Disabilities

Staff provided the Board with information on new federal regulations regarding veterans and individuals with disabilities.

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.