



*Summary of:*

## **MWRA BOARD OF DIRECTORS' MEETING**

**September 12, 2001**

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A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on **September 12, 2001** at the Authority Headquarters in Charlestown. **Present:** Chairman Robert Durand, Lucile Hicks, Gubernatorial Representatives; Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering, Antonia Pollak and Robert Spinney, City of Boston Representatives; Joseph MacRitchie, City of Quincy Representative; Marie Turner, Town of Winthrop Representative. **Absent:** John Carroll, Advisory Board Representative; Donald Mitchell, Gubernatorial Representative.

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### **AGENDA**

#### ***Report of the Chair***

Robert Durand, Chairman of the MWRA Board of Directors, called for a moment of silence on behalf of the victims of the recent terrorist attacks against the United States. Additionally, the Chairman thanked MWRA staff for securing the water supply by implementing emergency procedures following Governor Swift's declaration of a Level 2 state of emergency.

#### ***Report of the Executive Director***

Fred Laskey, Executive Director of the MWRA, discussed the Authority's response to the recent terrorist attacks. MWRA will begin restricting access to more areas and, going forward, employee identification cards will be checked at entrances. Mr. Laskey also informed the Board that MWRA is on the Massachusetts Emergency Management list of agencies with equipment available for use during crisis situations.

The Executive Director expressed his concerns regarding a "not pleasant" article on beach closings that was on the front page of the Boston Globe on Monday, September 10, 2001. "All various indicators of the Boston Harbor Project

are positive, with the exception of beach closings," stated Mr. Laskey. He then pointed out that ironically, a large number of the exceedances that have prompted beach closings have occurred during periods of light or zero rainfall. Other factors that could contribute to beach closings include storm water runoff, boat discharges, bird and animal waste and illegal connections.

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## APPROVALS

### *Increase in SRF Authorization*

The Board voted to amend the thirty-sixth Supplemental Resolution to increase the authorization to \$25,000,000 of MWRA General Revenue Bonds (subordinate series), 2001 Series D and the supporting issuance resolution. Funds are available in the FY02 budget for this borrowing.

### *Memorandum of Agreement (MOA) with the City of Marlborough, Amendment 2*

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to the MOA with the City of Marlborough. By its action the Board approved a change in contract scope under section 2.9 of the MOA to construct a replacement pump station, including adequate stand-by power, and increasing the total funding to be provided by MWRA under said section by \$1 million to \$2.6 million, and to provide that MWRA's financial obligation under said section shall be limited to that amount.

The MOA was entered into in December 1998 to mitigate construction impacts to Marlborough from the Walnut Hill Water Treatment Plant and the MetroWest Water Supply Tunnel. Because the MOA only includes a preliminary cost estimate of \$1.6 million to *upgrade* the pump station, rather than a specific spending cap, and due to new operating parameters, staff recently committed MWRA to funding a new pump station.

"Since it is our dime have they gone all out?" asked Mr. MacRitchie. Staff stated that the City's design/build consultant has offered reasonable plans. Mr. Mannerling asked staff why a cap was not implemented when the MOA was negotiated. Staff responded that in reviewing the files from 1998, it appears that the Board and staff chose not to implement a cap as part of the original negotiation process because Marlborough wanted MWRA to assume operating costs for the pump station.

Mr. Pappastergion asked staff why the Board shouldn't implement a cap now. Staff replied that it is the Board's prerogative to do so at any time. Mr. Laskey stated that "[w]e are trying to honor what we committed to several years ago." Mr. MacRitchie suggested that the Board implement a cap and request that the City take responsibility for the inevitable change orders that arise. "We took the hard line and there has been a back and forth negotiation that is less than the City actually proposed", stated Mr. Laskey.

Joseph Favaloro, Executive Director of the MWRA Advisory Board, cautioned that the mere fact that this is the second amendment and the scope of the work has already changed [to new construction rather than rehabilitation] should prompt the Board to implement a cap now. Nancy Kurtz, MWRA Legal Counsel, responded that although MWRA and Marlborough have entered into an agreement, the change in scope could provide a basis for renegotiation.

### *September PCR Amendments - FY02*

The Board voted to approve the amendments to the Position Control Register, with the exception of amendments P4-P6 and P8-P10. Most of the amendments reflect union negotiated agreements. Implementation of many of the reclassifications is contingent on completion of a competency-based training program and successful demonstration of required competencies.

**Current Title**

**Amended Title**

**Financial  
Impact**

Unit Supervisor, Preventive Maintenance (2)	Unit Supervisor (2)	None
Unit Supervisor, HVAC	Unit Supervisor	None
Manager, CEB Performance and Review	Budget Manager	(\$8,789) - \$21,839
Senior CEB Analyst	Project Manager	\$5,192 - \$22,276
Manager, Start-up	Senior Program Manager, Start-up	None
Unit Supervisor, Maintenance (4)	Unit Supervisor (4)	\$2,578
Unit Supervisor, Mechanical	Unit Supervisor	\$2,578
Equipment Repair Supervisor	Same	\$2,338
Vehicle Service Supervisor (2)	Same	(\$3,309) - \$10,658
Motor Equipment Repair Foreman (3)	Same	\$2,342
Motor Equipment Repairman (10)	Same	\$1,719 - \$2,226
Mechanic Specialist (33)	M&O Specialist (33)	\$2,523
Maintenance Mechanic (13)	M&O Specialist (13)	(\$2,712) - \$9,916
Supervisor, Power Generation	Supervisor, Equipment Maintenance	\$3,231
Skilled Laborer	Planner/Scheduler Coordinator	\$10,467 - \$25,791
Communication & Control Tech	Planner/Scheduler Coordinator	(\$1,544) - \$13,781
Maintenance Administrator	Planner/Scheduler Coordinator	\$2,300 - \$17,625

The estimated impact of the amendments will range from \$125,152 to \$311,090, with the actual impact dependent upon the salary levels of the employees who fill the vacant positions.

**Approval of Contract Employee, Operations Division**

The Board voted to approve the hiring of current MWRA employee, William E. Hodgson, as a contract employee in the Operations Division from September 24, 2001 to March 22, 2002 at an hourly rate of \$85.00 and for an amount not to exceed \$35,000. The need for Mr. Hodgson's services in resolving disputes on remaining or recently completed Boston Harbor Project construction contracts was forecasted in the FY02 CEB, which contains \$35,000 for this contract.

Mr. MacRitchie expressed concern about the negative perception of MWRA employees retiring, collecting pensions and then being rehired at higher contract rates. Mr. Mannering added that this is a good point to raise considering that

the MBTA was recently under fire for its practice of rehiring retired employees. However, in this case, the employee is being hired part-time to address issues relating to three specific contracts.

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## **CONTRACT AWARDS**

### **Crane Maintenance Services: Crane America Services, Inc., Contract S353**

The Board voted to approve the award of Contract S353 to the lowest responsive bidder, Crane America Services, Inc. The Board further voted to authorize the Executive Director, on behalf of the Authority, to execute and deliver said Contract in the bid amount of \$150,460. Contract S353 consists of periodic and frequent inspection services, load testing, routine maintenance and non-emergency repair services to be provided for seventy-eight cranes: forty-six at Deer Island and thirty two located at various CSO facilities, headworks and pumping stations.

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## **CONTRACT AMENDMENTS/CHANGE ORDERS**

### **Electric Power Advisory Services: LaCapra Associates, Contract A417, Amendment 2**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to Contract A417, Electric Power Advisory Services, with LaCapra Associates, in an amount not to exceed \$9,200. Contract A417 provides consulting services to assist staff with a procurement of electricity in a deregulated marketplace. Amendment 2 increases the cumulative amendment total to \$15,320, added to the original contract amount of \$24,480, for a revised contract total of \$39,800. Adequate funds are available for this amendment in the FY02 Operations Planning CEB.

When this contract was procured, the level of effort was based on the assumption of continued slow evolution of the restructured electricity industry, which featured stable market prices and a standard offer price set by regulation to rise to a predictable level. However, this assumption has proven invalid because of changes in the industry and to MWRA's energy situation, which has become increasingly complex.

### **Rehabilitation of the Framingham Extension Sewer: Insituform Technologies, Inc., Contract 5342, Change Order 3**

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order 3 to Contract 5342 with Insituform Technologies, Inc., Rehabilitation of Framingham Extension Sewer, in the amount of \$600,000. The Board further voted to authorize the Executive Director to approve additional change orders as may be needed to Contract 5342, in amounts and extensions not to exceed the aggregate of \$250,000 and 180 calendar days.

Change Order 3 authorizes the Contractor to perform concrete demolition and removal, obstruction removal, additional excavation, additional dewatering outside the earth support system, dewatering within the earth support system and additional flow bypass pumping with potassium permanganate feed on a time and materials basis.

Change Order 3 increases the cumulative change order total to \$614,000, added to the original contract amount of \$11,950,093.85, for a revised contract total of \$12,564,093.85. The FY02-04 CIP includes \$11,990,000 for Contract 5342, resulting in a \$574,093.85 budget deficit. Staff states in its summary that if this additional amount causes the CIP budget to exceed the ten-year spending cap or the cap for any of the first three years, reductions will be made elsewhere within the CIP.

### **Upgrade of Existing CSO Facilities & Floatables Control: Camp Dresser & McKee, Inc., Contract 6123, Amendment 5**

The Board voted to authorize the Executive Director to approve Amendment 5 to Contract 6123 with Camp Dresser & McKee, Inc. (CDM), Upgrade of Existing CSO Facilities & Floatables Control, in the amount of \$53,813. Amendment 5 increases the cumulative amendment total to \$3,463,567, added to the original contract amount of \$2,748,567, for a revised contract total of \$6,212,134. The FY02-04 CIP includes a budget of \$300,000 for Amendment 5.

Staff attributes Amendment 5 to a risk assessment that the Department of Environmental Protection is requiring MWRA to conduct due to lead concentrations found at the site during construction. The discovery of hazardous materials at the Somerville Marginal facility site has also required additional services by CDM.

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## **INFORMATION REPORTS**

### **Monthly Update on Competitiveness Study**

Black & Veatch recently provided MWRA's Project Management Team and Project Advisory Group (Group) with a Draft Staffing Assessment (Draft) for review and comment. This assessment includes a revised methodology and staffing targets for seventeen functional areas that encompass all of MWRA. During a meeting that focused on discussing ground rules and confidentiality requirements for the Project Advisory Group, the five MWRA unions chose to withdraw from further participation. The Draft and the Group's comments to it will be presented to the Board in November. Group members will also be prepared to discuss the methodology with the Board at that time.

### **Update on MWRA Electricity Procurement**

For FY02 staff expects to purchase 125 million-kilowatt hours of electricity for Deer Island, which account for approximately 80% of MWRA's total electricity demand at a cost of \$10.8 million. As the electricity market continues to develop following restructuring of the electricity industry in 1998, MWRA may have its first opportunity to reduce costs by making a competitive purchase of power. Staff explained that every time electricity costs rise by one cent, the Deer Island budget increases by \$1 million annually.

Mr. MacRitchie asked staff whether there is a way to evaluate bidders' qualifications beyond their pricing offers. Staff responded that discussions about this are ongoing, including possibly requiring bidders to post a performance bond.

### **Delegated Authority Report - July**

Mr. MacRitchie inquired about the need to spend over \$91,000 on janitorial services at the new Chelsea Maintenance Facility. Staff responded that the Authority's successful practice of contracting out these services for Deer Island and the Navy Yard prompted the same approach for Chelsea. Additionally, the cost of outside contractors is determined by the prevailing rate; if MWRA employees were hired for janitorial services the costs would be significantly higher.

### **FY01 Final Watershed Bill**

In July 2001, MWRA received an invoice for \$3,453,934 from the Watershed Division (Division) of the Metropolitan District Commission (MDC) for its fourth quarter costs. MWRA is required by law to reimburse the Commonwealth for the net operating costs of the Division. A joint decision by Advisory Board and MWRA staff was made to withhold payment until further discussions could be held concerning the accountability of the Division.

Mr. MacRitchie asked what the Board has to do other than moving politely through the system to get more information from the Division. Mr. Pappastergion added that there is "no cooperation whatsoever from MDC and we're paying the bills". Mr. Laskey responded that MWRA would move into delinquent status if it does not pay the Division's invoice. Further, failure to pay the invoice will reduce the debt service assistance receipt in FY02 by \$3,453,934 plus any later charges.

Mr. Foti reminded the Board that the decision to withhold payment was made jointly by Advisory Board and MWRA staff. "Do we pay their budget after they spend it like the MBTA did before the Legislature changed that policy?" asked Mr. Mannering. Mr. Laskey responded that the Legislature determines the Division's annual budget and MWRA is obligated to pay that amount. "Is the Board comfortable with its relationship with the Watershed Division?" asked Mr. Pappastergion. Mr. Mannering responded that it is time that discussion occurred with the full Board, although further conversation on it did not take place. Mr. Laskey suggested legislative initiatives be considered to address the matter.

**Maintenance Program Progress Report**

As part of its Business Plan Strategy 21, MWRA has committed to the development and implementation of a multi-year maintenance plan for its water and wastewater assets. Staff is implementing this strategy in part under an initiative called the "Facilities Asset Management Program (FAMP)." The Board approved a contract award in the amount of \$1.6 million for the initial phases of this work on March 22, 2000.

Phase I of this effort was awarded to Spearhead System Consultants, which is providing additional resources and expertise to launch this initiative. Staff stated that MWRA has an excellent working relationship with Spearhead, which is tagging equipment and offering recommendations on equipment maintenance. The "flipside" is that staff found that some areas were neglected; however, all of those areas are currently being addressed. Staff also cautioned that although the Deer Island Treatment Plant is relatively new, more than \$300 million of its equipment has been on-line for seven years and is already in need of some replacement and reinvestment. Staff is attempting to avoid "spending spikes" by getting ahead of maintenance issues.

**Update on Framingham Extension Relief Sewer Corrosion and Odor Control**

The results of the 2001 municipal sampling for Framingham, Ashland and Natick indicate that each community has been in violation of the sulfide limit implemented by MWRA to combat the sewer corrosion and odor problems. Ms. Hicks asked staff what the communities' reactions have been to the exceedences. Staff responded that MWRA and the Towns are conducting additional sampling. Further, Ashland and Framingham are considering implementing more controls over fats and solvents that are released into their systems.

Mr. Laskey cautioned that a future lawsuit could arise due to area businesses such as Breyer's, Nyacol and Genzyme responding differently to local and MWRA efforts to combat the sewer issues. In fact, one company has requested that user charges be used to fund the changes that MWRA is requiring area businesses to implement. To that end, the Associated Industries of Massachusetts has made a formal request that MWRA review its rate methodology. Mr. Favaloro responded that MWRA does not assess businesses for user fees; rather, individual towns determine how costs are distributed.

Staff will continue to meet with local business and community officials on this matter.

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*This summary does not include every item discussed by the Board, nor the full extent of the discussions. Please contact Nathalie Grady at the Advisory Board Office with questions, comments and requests for additional information.*