



Summary of:

MWRA Board of Directors' Meeting

October 7, 1998

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A meeting of the Board of Directors of the Massachusetts Water Resources Authority was held on October 7, 1998 at the Authority Headquarters in Charlestown. **Present:** Chair Trudy Coxe, Gubernatorial Representative; John Carroll, Norman Jacques, Andrew Pappastergion, Advisory Board Representatives; Andrea d'Amato, Robert Spinney, Vincent Mannering, City of Boston Representatives; Marie Turner, Town of Winthrop Representative; Joseph MacRitchie, City of Quincy Representative; Lucile Hicks, Gubernatorial Representative. **Absent:** Donald Mitchell, Gubernatorial Representative.

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AGENDA

Report of the Chair

No report.

Report of the Executive Director

Mr. MacDonald reported on the status of Federal funding for the Boston Harbor Project. \$30 million was included for the Project in the House budget. Mr. MacDonald also referenced the potential for another \$20 million. (The White House and congressional leaders agreed the following week to a \$50 million appropriation for the Boston Harbor Project.)

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APPROVALS

Walnut Hill Water Treatment Plant, Approval to Negotiate a Project Labor Agreement

The Board voted to authorize ICF Kaiser Engineers, Inc., as construction manager for the Walnut Hill Water Treatment Plant Project, to negotiate a project labor agreement for that project with the Building and Construction Trades Department, AFL-CIO, on behalf of its affiliated International Unions and their Local Unions, and the Building and Construction Trades Council of Framingham-Newton and Worcester-Fitchburg on behalf of their affiliated Local Unions and the District Council of Carpenters; and to authorize the Executive Director to enter into an Agreement with Morgan, Lewis & Bockius for an amount not to exceed \$75,000 to support ICF Kaiser Engineers in their negotiations and administration of the Project Labor Agreement if the Board of Directors approves a Project Labor Agreement for Walnut Hill Water Treatment Plant.

Staff explained that ICF Kaiser has completed a feasibility study on the use of a Project Labor Agreement (PLA) for the construction of Walnut Hill Treatment Plant. Based on past experience with PLAs on the Boston Harbor Project and the MetroWest Water Supply Tunnel and the needs of this project, the construction manager recommends the use of a PLA for Walnut Hill to assure the benefits of labor harmony in maintaining project schedules and budgets. Key terms expected to be included in the PLA include an all-inclusive no strike/no disruption provision; an all-inclusive dispute resolution procedure; provisions which permit all otherwise qualified contractors to bid for work on the Project; provisions permitting a substance abuse program; and harmonization and standardization of working conditions.

Walnut Hill Water Treatment Plant Design and ESDC, Camp Dresser & McKee, Inc., Approval of Notice to Proceed for ESDC Services for Common Facilities

The Board voted to authorize the Executive Director, on behalf of the Authority, to issue a Notice to Proceed with bidding services and engineering services during construction of the Common Facilities construction package under Contract 5017, the Walnut Hill Water Treatment Plant Design/ESDC with Camp Dresser & McKee, Inc. (increasing the Notice to Proceed amount by \$1,329,746 without increasing the contract amount).

Staff explained that Camp Dresser & McKee (CDM) are providing design engineering services for the Walnut Hill Water Treatment Plant project. CDM has completed 60% design of the filtration alternative, 60% of non-filtration design, and 90% design of the facilities common to all alternatives. The consultant is proceeding with the 90% design of the filtration alternative in accordance with the schedule in the third amendment to the Administrative Consent Order with DEP. The Consent Order requires that the Authority advertise bids for the construction of the common facilities by October 22, 1998 and issue a notice to proceed with construction by March 1, 1999. Board authorization is required at this time for CDM to provide bidding services and engineering services during construction for the common facilities. It was noted that 90% design for filtration is expected to be completed by the end of November.

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CONTRACT AMENDMENTS/CHANGE ORDERS

Hazardous Materials Management Consultant - Phase II; Green Environmental

The Board authorized the Executive Director, on behalf of the Authority, to execute Amendment 2 to Contract 6049 with Green Environmental Inc. for Hazardous Materials Management Consultant Phase II, increasing the contract by \$112,032, from \$501,839 to \$613, 871, and extending the term of the contract by 27 months from October 3, 1998 to January 3, 2001.

This contract provides hazardous materials management consulting services for the Boston Harbor Project. The consultant acts as a Licensed Site Professional to assist MWRA to comply with Massachusetts Law and Regulations, controlling the handling and disposal of contaminated materials, commonly referred to as the Massachusetts Contingency Plan. This amendment will extend the current consultant contract through completion of the Boston Harbor Project.

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INFORMATION REPORTS/DISCUSSIONS

Financing Options under Consideration

In planning for the December bond sale and monitoring ongoing refunding possibilities, MWRA staff is reviewing various financing alternatives. Present market conditions are particularly favorable to the use of synthetic fixed rate financing. Staff discussed with the Board the benefits and potential risks associated with adding synthetic fixed rate debt to the MWRA's portfolio in the context of both an advance refunding of existing debt and/or a \$195 million new money issue. While expressing interest in the concept, Board members requested additional information from the Authority's financial advisor.

Lease/Leaseback Financial Transactions

The Board was provided with an update on legislation to allow the Authority to enter into lease/leaseback transactions. The overall effect of a lease/leaseback transaction would be for the MWRA to receive a one-time up front cash payment reflecting the value to the lessee of the rent expense it acquires as a tax deduction. The legislation filed on behalf of MWRA has passed the House and is currently held in the Senate Committee on Bills in Third Reading. If there is no further legislative action before the end of the 1998 session, the legislation will need to be refiled for 1999. Staff expressed the view that lease/leaseback is a potentially valuable tool for managing rates.

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