



MWRA ADVISORY BOARD

Summary of:

MWRA BOARD OF DIRECTORS' MEETING

June 28, 2006

A meeting of the Board of Directors of the MWRA was held on **June 28, 2006** at the Charlestown Navy Yard. **Present:** Chair Stephen R. Pritchard, Lucile Hicks and Rudolph Banks, Gubernatorial Appointees; John Carroll, Andrew Pappastergion and Joseph Foti, Advisory Board Representatives; Vincent Mannering, City of Boston Representative; Joseph MacRitchie, City of Quincy Representative; Marie Turner, Town of Winthrop Representative. **Absent:** Kevin Cotter and James Hunt III, City of Boston Representatives.

AGENDA

Report of the Chair

[No Report.]

Report of the Executive Director

On June 24, 2006, Governor Romney signed the FY07 Capital Supplemental Budget, which included the waiver of indirect expenses from the Office of Administration and Finance related to the Water Supply Protection Trust. MWRA Executive Director Fred Laskey noted the waiver has positive budget implications, which will be passed on to ratepayers.

Mr. Laskey reported Good Humor/Breyers, owned by Unilever, Inc., is moving forward with pre-treatment options at its Framingham location. Unilever has developed a schedule for implementing a pre-treatment plan by the end of the 2006 calendar year.

Boston Mayor Thomas M. Menino halted all construction involving city roadways on Thursday, causing the Rehabilitation of Spot Pond Supply Mains in Brighton to be delayed for one to two days.

Though it has been recent practice to cancel the July Board of Directors meeting, Mr. Laskey noted the July meeting is expected to be held in order to approve the contract for the North Dorchester Bay CSO Tunnel, which is on a court-ordered schedule. He mentioned the August meeting would most likely be canceled instead.

Mr. Laskey reported City of Boston Representative James Hunt and his wife had a baby boy this morning. Matthew Joseph Hunt was born weighing in at eight pounds, fifteen ounces. He offered congratulations, on behalf of the MWRA and the Board of Directors, to the Hunt family.

APPROVALS

Approval of FY2007 Capital Improvement Program

The Board voted to approve the FY07 Capital Improvement Program with a budget of \$224.3 million including contingency funding, five-year spending from FY04-FY08 of \$989 million and a ten-year budget of \$1.3 billion (FY07-FY16).

Further, to approve the Responses to the *Advisory Board's Comments and Recommendations on MWRA's Proposed FY07 Capital Improvement Program*.

Approval of FY2007 Current Expense Budget

The Board voted to adopt the following: (1) FY07 Current Expense Budget with revenue and expenses of \$557.1 million; (2) FY07 Operating Budget (Trustee's Budget) and (3) Responses to the *Advisory Board's Comments and Recommendations on MWRA's Proposed Fiscal Year 2007 Current Expense Budget*.

Mr. Laskey noted MWRA ratepayers would be facing a 9.8% rate increase if not for the assumed \$18.75 million (MWRA's share of a \$25 million state-wide appropriation for Debt Service Assistance), \$1 million in reduced Direct expenses for Utilities and Chemicals, use of the Reading entrance fee and the waiver of Indirect expenses from the Office of Administration and Finance (A&F) related to the Water Supply Protection Trust. Mr. Laskey expressed thanks to the Legislature for its dedication to MWRA ratepayers and the Governor for approving the A&F waiver.

Board Member Andrew Pappastergion commended MWRA for its ability to tighten the budget. He stated as rates increase in FY08, FY09 and FY10, the level of reserves will dwindle. MWRA should continue to contribute additional money to the Rate Stabilization Reserve.

Board Member Joseph MacRitchie added the MWRA must be mindful of rates increasing in the coming years. He stated Debt Service is going to become an increasing piece of the MWRA's Current Expense Budget and MWRA must continue to look for ways to assist ratepayers.

Approval of FY2007 Water and Sewer Assessments

The Board voted to adopt the following, effective July 1, 2006: (1) Water assessments of \$163,124,954 and sewer assessments of \$332,233,810 for FY07; (2) FY07 sewer assessments of \$500,000 for the Town of Clinton and \$140,358 for the Lancaster Sewer District; (3) FY07 water assessments of \$2,552,005 for Chicopee, \$554,143 for South Hadley Fire District #1 and \$471,001 for Wilbraham; (4) A wholesale water rate of \$2,216.72 per million gallons and (5) An operations and maintenance water rate of \$913.07 per million gallons.

Based on the assumed allocation of \$18.75 million (MWRA's estimated share of a \$25 million state-wide appropriation for Debt Service Assistance), the MWRA submitted a Final FY07 Current Expense Budget, which represents a 4.9% rate increase.

Memorandum of Understanding (MOU) and Financial Assistance Agreement between MWRA and BWSC for the Implementation of CSO Projects, Amendment 7

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute Amendment 7 to the Memorandum of Understanding and Financial Assistance Agreement between MWRA and BWSC for the implementation of CSO Control Projects to add the Bulfinch Triangle Sewer Separation Project (BTSSP), increasing the financial award amount by \$4,000,000, from \$247,738,000 to \$251,738,000, with no change to the term of the agreements.

On April 27, 2006, the Federal District Court accepted a long-term CSO Control Plan recommended by MWRA, U.S. Department of Justice, U.S. Environmental Protection Agency and Massachusetts Department of Environmental Protection. The BTSSP is included in the CSO Control Plan at a total estimated cost of \$4 million. Staff recommended the MOU and Financial Assistance Agreement between MWRA and BWSC be further amended to add BTSSP to the list of BWSC implemented CSO projects and adjust the award amount accordingly.

Staff reported BTSSP calls for sewer separation in a large area bounded by North Station, Haymarket Station, North Washington Street and Cambridge Street in Boston. Construction will include building new storm drains and relocation of storm runoff connections from the existing combined sewer to new storm drains.

The MWRA, with the cooperation of BWSC, must commence design of BTSSP by November 2006, construction by November 2008 and be completed by July 2013. The Proposed FY07 CIP budget includes \$4,000,000 for the BTSSP.

Memorandum of Understanding (MOU) and Financial Assistance Agreement between MWRA and the Town of Brookline for the Implementation of CSO Projects

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute the Memorandum of Understanding and Financial Assistance Agreement between MWRA and the Town of Brookline for Implementation of CSO Control Projects, by which the Town of Brookline agrees to implement the Brookline Sewer Separation Project (BSSP) recommended by MWRA to reduce CSO discharges to the Charles River and MWRA agrees to provide funding for eligible project cost for a total amount not to exceed \$9 million.

BSSP was added to the CSO Control Plan to further reduce CSO discharges at the Cottage Farm Facility and at other CSO outfalls in the Charles River Basin.

Staff reported BSSP calls for sewer separation in several areas of Brookline totaling approximately 72 acres. Construction will include building new storm drains and relocation of storm runoff connections from the existing combined sewer to new storm drains and the rehabilitation of the existing combined sewers to use as sanitary sewers.

The Proposed FY07 CIP budget includes \$9 million for the BSSP.

City of Marlborough Memorandum of Agreement (MOA), Amendment 3, Purchase of Mobile Air Supply Vehicle

The Board voted to authorize the Executive Director, on behalf of the Authority, to execute and deliver Amendment 3 to the Memorandum of Agreement with the City of Marlborough, authorizing the City to use unexpended mitigation funds, previously disbursed by MWRA to the City to purchase a mobile air supply vehicle to be made available to the Authority for training and emergency response purposes.

Staff reported the mobile air supply vehicle will be highly useful in the event of an emergency, providing relief in the event of fires, hazardous material spills, leaks and confined space entries. The mobile air supply vehicle will be purchased with previously authorized and disbursed MOA funds and, therefore, will have no budgetary impact.

Extension of Employment Contract, Information Specialist, Support Services

The Board voted to approve the extension of the employment contract for Daniel McCarthy, Information Specialist, MIS Department, for a period of one year from July 1, 2006 to June 30, 2007 at the current hourly rate of \$21.50, for an annual compensation not to exceed \$44,720.

MWRA will introduce bar coding for inventory control and imaging for conversion of key historical paper files to electric format in FY07, requiring the employment extension of Mr. McCarthy.

Appointment of Program Manager, Wastewater Engineering

The Board voted to approve the Executive Director's recommendation to appoint Patrick T. Barrett to the position of Program Manager, Wastewater Engineering in the Operations Division (Grade 29, Unit 9) at an annual salary of \$85,212, effective July 1, 2006.

The Wastewater Engineering Program Manager will provide supervisory and technical engineering management of capital projects. Further, the Program Manager will oversee and coordinate project development with other MWRA divisions and with outside agencies. Mr. Barrett's 23 years experience with the MDC and MWRA establishes him as highly qualified for this position.

Extension of Employment Contract, Contract Painter, Deer Island Wastewater Treatment Plant (DIWTP)

The Board voted, with Mr. Carroll opposed, to approve the extension of the employment contract for Thomas Scanlan, Contract Painter, DIWTP, for a period of one year to July 28, 2007, at the current hourly rate of \$20.00, for an annual compensation not to exceed \$24,960.

Staff reported a need for a part-time Contract Painter for work at DIWTP. This includes the need for continued painting and coating at DIWTP due to climate and harsh weather conditions. Mr. Scanlan has been a contract employee at MWRA since January 2006.

Extension of Employment Contract, Senior Laboratory Technician, Department of Laboratory Services, Deer Island Wastewater Treatment Plant (DIWTP).

The Board voted to approve the extension of an employment contract for Jon Wladkowski, Senior Laboratory Technician in the Department of Laboratory Service at DIWTP, for a period of one year, from August 1, 2006 to July 30, 2007, at the current hourly rate of \$17.00, for an annual compensation not to exceed \$35,360.

There is a continuing need for contract staff at the Central Laboratory at DIWTP. Mr. Wladkowski has been a contract employee at MWRA since August 1, 2005.

CONTRACT AMENDMENTS/CHANGE ORDERS

BOS019 CSO Storage Conduit, Walsh Construction Co. of Illinois, Contract 6260, Change Order 4

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 4 to increase the amount of Contract No. 6260 with Walsh Construction Co. of Illinois, BOS019 CSO Storage Facility, in an amount not to exceed \$132,440.

Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract No. 6260 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days.

Contract 6260 is for construction of two underground concrete storage conduits that will provide 670,000 gallons of overflow storage capacity. Change Order No. 4 is necessary to increase the quantity of non-contaminated soil by a total of 9,460 tons at the same unit bid price of \$14 per ton. Staff identified this change order as both a design error and an unforeseen condition.

Upper Neponset Valley Replacement Sewer, MWRA Sewer Sections 685 and 686, P. Gioioso & Sons, Inc., Contract 6191, Change Order 6

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Change Order No. 6 to increase the amount of Contract No. 6191 with P. Gioioso & Sons, Inc., Upper Neponset Valley Replacement Sewer, Sewer Sections 685 and 686, in an amount not to exceed \$351,464.81.

Further, to authorize the Executive Director to approve additional change orders as may be needed to Contract No. 6191 in amounts not to exceed the aggregate of \$250,000 and 180 calendar days.

Staff reported that during wet weather, the capacity of the Upper Neponset Valley Sewer is exceeded, resulting in surcharging and overflows. Contract 6191 is for the replacement of Sections 526 through 529, to be designated as Sections 685 and 686, to increase capacity to the level of service provided to all MWRA sewer member communities.

The cumulative value of all change orders to this contract total \$989,964.91, or 2.7% of the original contract amount of \$35,779,000.00, for a sub-phase total of \$36,768,964.91, or \$268,761.00 over budget. This amount will be covered within the five-year CIP spending cap. Work on this project is approximately 40.7% complete.

Five-Year Purchase Order Contract for the Supply and Delivery of Sodium Hypochlorite to the Deer Island Wastewater Treatment Plant (DIWTP); Kuehne Chemical Co., Inc., WRA-2300, Amendment 1

The Board voted, with Mr. MacRitchie and Mr. Carroll opposed, to authorize the Executive Director, on behalf of the Authority, to approve Amendment 1 to increase the amount of Purchase Order Contract No. WRA-2300 with Kuehne Chemical Co., Inc., Five-Year Purchase Order Contract for the Supply and Delivery of Sodium Hypochlorite to the DIWTP, in the amount of \$306,381.85.

Staff reported the current contract with Kuehne Chemical Co., Inc. was awarded on April 14, 2004 for a term of five years from May 14, 2004 through May 14, 2009. Due to the effects of Hurricanes Katrina and Rita, coupled with increasing energy costs and supply and demand issues, Kuehne Chemical Co., Inc. is requesting a \$0.22 per gallon increase in price from the current \$0.4987 price, to \$0.7187 per gallon to avoid significant losses during the remainder of the contract term. MWRA negotiated a lower increase, to \$0.60 per gallon, which staff believes reflects a fair and reasonable market price for sodium hypochlorite. The decision to terminate the contract with Kuehne Chemical Co., Inc. would result in a much higher unit price than the negotiated \$0.60 per gallon.

Mr. MacRitchie asked if the current contract allows for price escalation. Staff replied that the contract does not allow for price escalation; however, Kuehne Chemical Co., Inc. approached the MWRA to request a price per gallon increase in response to the status of the market due to Hurricanes Katrina and Rita.

Board Member John J. Carroll asked what the outcome would be if MWRA refused to renegotiate the contract. MWRA General Council Steven Remsberg replied Kuehne Chemical Co., Inc., in the event of a law suit, could provide a defense for breach of contract under Article 2, Section 2615 of the Uniform Commercial Code.

Mr. MacRitchie noted he did not like the precedent this would set and would not be voting in favor of this contract amendment.

Board Member Joseph Foti asked what the supplier could do in the interim if MWRA decided to go ahead with legal action. Staff noted Kuehne Chemical Co., Inc. has indicated it could stop supplying the product in the interim. Mr. Laskey added sodium hypochlorite is required at DIWTP for treatment.

Mr. Laskey asked staff how much product MWRA has on reserve at DIWTP. DIWTP Director John Vetere replied six to eight weeks of product is available.

Board Member Cile Hicks asked if there were any other local distributors of sodium hypochlorite. Staff stated there are four other local distributors; however, Kuehne is the only known supplier with access to a barge necessary to meet DIWTP's delivery requirements.

Purchase Order Contract for the Supply and Delivery of Sodium Hypochlorite to the John J. Carroll Water Treatment Plant (CWTP), Univar, USA, Inc., WRA-2448, Amendment 1

The Board voted to authorize the Executive Director, on behalf of the Authority, to approve Amendment 1 to increase the amount of Purchase Order Contract No. WRA-2448 with Univar, USA, Inc., Purchase Order Contract for the Supply and Delivery of Sodium Hypochlorite to CWTP, in the amount of \$607,005.63.

Amendment 1 is for additional sodium hypochlorite to be delivered to CWTP due to increased usage at the Plant for secondary disinfection. Staff estimates 960,300 gallons of sodium hypochlorite will be needed through the end of this contract on November 30, 2006.

INFORMATION

Delegated Authority Report

Staff prepared a report on delegated authority actions over \$25,000 for the period April 1 through May 31, 2006.

This Summary does not include every item discussed by the Board, nor the full extent of the discussions. Please contact Rachael Dane at the Advisory Board office with questions, comments or requests for additional information.