

MASSACHUSETTS WATER RESOURCES AUTHORITY

Meeting of the Board of Directors

May 24, 2023

A meeting of the Massachusetts Water Resources Authority (“MWRA”) Board of Directors was held on May 24, 2023 at MWRA’s headquarters at Deer Island in Boston, and also via remote participation.

Chair Tepper presided at MWRA headquarters. Also present at MWRA headquarters were Board Members Flanagan, Foti, Pappastergion, Peña, Jack Walsh, Patrick Walsh, and White-Hammond. Board Members Vitale and Wolowicz attended via remote participation.

MWRA Executive Director Frederick Laskey, General Counsel Carolyn Francisco Murphy, Chief Operating Officer David Coppes, Deputy Chief Operating Officer Carolyn Fiore, Director of Finance Thomas Durkin, Director of Administration Michele Gillen, Director of Tunnel Redundancy Kathy Murtagh, Special Assistant for Affirmative Action Patterson Riley, Deputy Director of Finance/Treasurer Matthew Horan, Budget Director Mike Cole, and Assistant Secretaries Ria Convery and Kristin MacDougall participated at MWRA headquarters.

MWRA staff in attendance remotely included Stephen Estes-Smargiassi, MWRA Director of Planning and Sustainability, John Colbert, MWRA Chief Engineer, Ester Lwebuga, Senior Program Manager for Engineering and Construction, David Duest, Deer Island Treatment Plant Director, and Patricia Mallett Senior Program Manager for Engineering and Construction.

Vandana Rao, Executive Office of Environmental Affairs (EEA), and Joseph Favaloro, Louis Taverna, Matthew Romero, and James Guiod, MWRA Advisory Board, also participated from MWRA headquarters.

Chair Tepper called the meeting to order at 1:03pm.

ROLL CALL

MWRA General Counsel Francisco Murphy took roll call of Board Members in attendance and announced that Board Members Vitale and Wolowicz were participating remotely. The Chair announced that except for Executive Session, the meeting was being held at MWRA headquarters at Deer Island and virtually, via a link posted on MWRA’s website. She added that the meeting would be recorded, and that the agenda and meeting materials were available on MWRA’s website. Chair Tepper announced that the meeting would move into Executive Session after the Report of the Executive Director, and that the Open Session would resume after the adjournment of Executive Session. She also announced that individual roll call votes would be conducted after each motion was made and given an opportunity for discussion.

(Ms. Wolowicz joined the meeting remotely after Roll Call.)

APPROVAL OF APRIL 12, 2023 MINUTES

A motion was duly made and seconded to approve the minutes of the Board of Directors' meeting of April 12, 2023.

Chair Tepper asked if there was any discussion or questions from the Board. Hearing none, she requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Pappastergion		
Peña		
Vitale		
J. Walsh		
		P. Walsh
White-Hammond		
Wolowicz		

(ref. I)

EXECUTIVE SESSION

Chair Tepper requested that the Board move into Executive Session to discuss Collective Bargaining, since Open Session may have a detrimental effect on the bargaining position of the Authority. She announced that the planned topic of discussion in Executive Session was Collective Bargaining – Units 1, 2, 3, 6 and 9. She announced that the Board would return to Open Session after the conclusion of Executive Session.

A motion was duly made and seconded to enter Executive Session for these purposes, and to resume Open Session after Executive Session adjournment.

General Counsel Francisco Murphy reminded Board members that under the Open Meeting Law members who were participating remotely in Executive Session must state that no other person is present or able to hear the discussion at their remote location. A response of "yes" to the Roll Call to enter Executive Session when their name was called would also be deemed their statement that no other person was present or able to hear the Executive Session discussion.

Upon a motion duly made and seconded, a roll call vote was taken in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Pappastergion		

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		
Wolowicz		

Voted: to enter Executive Session, and to resume Open Session after Executive Session adjournment.

The Board moved to Executive Session to discuss Collective Bargaining since discussing such in Open Session could have a detrimental effect on the bargaining position of the Authority.

(Mr. Foti joined the meeting during Executive Session)

*** EXECUTIVE SESSION ***

The meeting entered Executive Session at 1:07pm and adjourned at 1:41pm.

*** CONTINUATION OF OPEN SESSION ***

REPORT OF THE EXECUTIVE DIRECTOR

Fred Laskey, MWRA Executive Director, welcomed Board Members and other meeting participants to the first Board of Directors Meeting held in MWRA's new Board Room at Deer Island. He reported that MWRA had vacated its Charlestown offices and relocated staff to the Chelsea and Deer Island facilities. He thanked staff for their flexibility and congratulated Ria Convery, Special Assistant to the Executive Director, and team for effectively managing the move and office renovation project. He then reported that he and staff had attended a Town Meeting in Weymouth to discuss water system expansion. He noted that the Town was interested in potentially joining the MWRA system, as a fully- or partially-supplied community. He added that the recently-approved MWRA Entrance Fee Waiver appeared to be well-received by Weymouth and other municipalities. Next, Mr. Laskey reported that a recent bond refunding had saved MWRA \$12.9 million. Finally, Mr. Laskey advised that the City of Waltham had not issued a street opening permit for an important, difficult MWRA project and that MWRA's project contractor had advised that it would demobilize if the permit was not received. He added that such demobilization could be an expense for them, MWRA and the City. Chair Tepper requested more information about the issue. Mr. Laskey advised that traffic disruption in the community on a very busy street and perhaps other issues was possible. There was general discussion about the steps taken by MWRA and Advisory Board staff to resolve the matter, and possible approaches to reaching a resolution. Mr. Laskey noted that it is a difficult project. David Coppes, MWRA Chief Operating Officer, added that the contractor is mobilized and ready to start. Mr. Pappastergion asked if staff had discussed the benefits of the project with the City of Waltham. Mr. Laskey responded in the affirmative and noted that

the contract included work for the City's new high school, the costs for such work reimbursed by the City. There was further discussion about potential communication and mediation strategies. (ref. III)

ADMINISTRATION, FINANCE AND AUDIT

Information

FY2023 Third Quarter Orange Notebook

Stephen Estes-Smargiassi, MWRA Director of Planning and Sustainability, invited Board Members' questions about the Orange Notebook.

Committee Chair Foti asked if there was any discussion or questions from the Board. Hearing none, he moved to the next Information item. (ref. VA.1)

Delegated Authority Report – April 2023

Michele Gillen, MWRA Director of Administration, introduced Director of Procurement Douglas Rice and invited Board Members' questions about the Delegated Authority Report.

Mr. Foti asked if there was any discussion or questions from the Board. Hearing none, he moved to the next Information item. (ref. V A.2)

FY23 Financial Update and Summary through April 2023

Thomas Durkin, MWRA Director of Finance, summarized financial results and variance highlights for the fiscal year through April, 2023. He advised that FY23 patterns such as underspending for wages and salaries due to hiring challenges and rising costs for chemicals and utilities, continued through April, and were expected to continue in FY24. Mr. Durkin then discussed the impact of rising interest rates on variable rate bonds. He noted that in the month of April, MWRA's budget estimate for variable rate bonds was \$6 million and very close to the actual rate (within \$14,000), and briefly described how staff estimate interest rates. He added that overall, MWRA is currently in a favorable position with regards to variable rate interest and that staff would work to continue that trend. Next, Mr. Durkin discussed interest income. He advised that MWRA's interest income for FY23 was much higher than estimated (+168%), primarily due to federal funds rate increases. Finally, Mr. Durkin reported that the FY23 budget was progressing well overall.

Mr. Foti asked if there was any discussion or questions from the Board. Hearing none, he moved to the next Information item. (ref. V A.3)

Update on Pension Funding Status

Staff provided an update on the status of MWRA's pension funding. Mr. Durkin advised that MWRA's annual contribution to the pension system is a significant expense for the Current Expense Budget (CEB) that requires monitoring. He noted that the MWRA Retirement Board engages an actuarial firm to perform annual valuations of liabilities, changes and losses, and that those valuation reports are used to determine the Retirement System's annual required contribution for each fiscal year.

Next, Matthew Horan, MWRA Deputy Director of Finance/Treasurer, reviewed the results of the most recent Pension Fund valuation, for CY2022. He advised that challenging market conditions had resulted in a -12.3% reduction in fund assets, with an overall -19% change over projections for 2022. Mr. Horan explained that because the actuarial valuation uses a smoothing methodology on assets, the impact to the funding schedule was reduced. He further explained that as result of the increased pension liability, the Retirement Board asked the actuary to complete four new actuarial funding schedules that fully fund the Retirement System by 2030, 2031 and 2032. He advised that Retirement Board review of the new funding schedules and their potential regulatory impacts determined that the 2031 and 2032 schedules increased the overall cost of the Pension System; therefore, the Retirement Board voted to retain the existing 2030 funding schedule to minimize potential impacts to community rate assessments. Mr. Horan noted that the Retirement Board had acknowledged that in the future the full funding date may need to be extended past 2030 if challenging market conditions persisted, or if there is a significant impact to MWRA's budget and rate increase.

Mr. Foti asked if there was any discussion or questions from the Board.

Mr. Vitale asked if it could have been more advantageous if MWRA had participated in the State Retirement System rather than an independent retirement system. Mr. Durkin explained that there were benefits to operating an independent retirement system such as local control, closer familiarity with employees and efficient administration. Mr. Durkin then noted that in retrospect, and according to his own analysis, it could have been more advantageous if MWRA had participated in the Massachusetts Pension Reserves Investment Management (PRIT) system. He added that the MWRA Retirement System does very well and advised that in his view, investment strategy should be linked to the time of full funding. Finally, Mr. Durkin noted that the MWRA Retirement System is closer to full funding than the PRIT system, and that while both retirement systems' asset allocations were similar, MWRA employees and retirees may have seen larger returns if they had participated in the PRIT system.

Hearing no further discussion or questions from the Board, Mr. Foti moved to Approvals. (ref. V A.4)

Approvals

Bond Defeasance of Future Debt Service

A motion was duly made and seconded to authorize the Executive Director or his designee, on behalf of the Authority, to enter into, execute and deliver all necessary agreements and other instruments and to take such other actions necessary to effectuate the redemption and defeasance of an aggregate principal amount of \$28,785,000 of outstanding MWRA senior bonds including to cause the escrow of cash and/or securities in an amount necessary to fund such redemption and defeasance, in order to reduce the debt service requirement by \$32,981,250 in the FY24 through FY28 timeframe.

Mr. Durkin explained that staff have found that historically, defeasance is the most beneficial use of positive budget variances, because defeasances reduce future debt and help to control rate assessments.

Next, Mr. Horan briefly described MWRA's historically successful strategy of using defeasance to reduce long-term debt and mitigate shorter-term rate increases. He advised that staff were recommending an approximately \$17 million increase in MWRA's FY2024 defeasance budget. Finally, Mr. Horan explained that the proposed defeasance included approximately \$1 million in interest savings from paying some of the bonds on their call dates. He added that this year staff accounted for higher than estimated escrow earnings (\$1.3 million) due to recent, steep interest rate increases, in addition to a projected FY23 positive budget variance, debt repayment, and the remaining FY22 budget surplus when developing the defeasance.

There was brief discussion about the interest savings figure in the Staff Summary for this agenda item. Board Member Jack Walsh requested more information about the benefits of applying interest savings to defeasances vs. reinvestment in interest-earning accounts. Mr. Horan explained that managing community assessments in the near-term is a top priority for MWRA, and that defeasances are a more efficient strategy for rate control than reinvestment because they can be applied for rate relief relatively quickly.

Chair Tepper asked if there was further discussion or questions from the Board. Hearing none, she requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		
Wolowicz		

(ref. V B.1)

MWRA FY24 Insurance Program Renewal

A motion was duly made and seconded to approve awards to the lowest eligible and responsive proposers for insurance policies, bonds, and related broker services for MWRA's FY24 Insurance Program, and to authorize the Executive Director, on behalf of the Authority, to execute contracts for broker services, for the terms, premiums, and fees, all as described in the May 24, 2023 Staff Summary presented and filed with the records of the meeting, and incorporated by reference for the record, including as detailed in the recommendation section of said Staff Summary, resulting in a total program amount not to exceed \$3,810,045 for FY24.

Mr. Durkin advised that staff had recently completed a competitive bid process for the annual renewal of MWRA's Insurance Program. Paul Whelan, MWRA Risk Manager, summarized the procurement process for the Insurance Program renewal for FY24, and noted that the Staff Summary includes details of all proposals received, including a comparison of the expiring Insurance Program's historical premium costs from FY23. He then noted that MWRA had received multiple proposals for several lines of coverage, and that the bid results were consistent with staff's estimates. He then advised that the proposed FY24 Insurance Program showed premium increases ranging from 1%-10%, noting that coverage for General Liability had the highest increase. He explained that the increases were mostly attributable to inflation, rising interest rates and overall market conditions, and reported that the FY24 Program represents an overall cost increase of 5.7% over the FY23 program. Finally, Mr. Whelan noted that MWRA had received a membership credit from FM Global that entitles the Authority to a property insurance premium credit of approximately \$300,000 for FY24.

Mr. Vitale complimented staff for preparing an informative Staff Summary and for a successful procurement.

Chair Tepper asked if there was further discussion or questions from the Board. Hearing none, she requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		
Wolowicz		

(ref. V B.2)

Mr. Laskey briefly followed up on a Board Member's question regarding the number of MWRA Union employees who were at their top pay step. He reported that 72.4% of MWRA's Union staff are currently at their top step. There was very brief general discussion.

WATER POLICY AND OVERSIGHT

Information

Metropolitan Water Tunnel Program Update

Staff presented some background and an update on the Metropolitan Water Tunnel Program. Mr. Coppes began with a brief history of MWRA's existing Metropolitan Tunnel system, which serves over 60% of MWRA's water customers. He then discussed the importance of the Tunnel Program, which will

provide much-needed redundancy for the aging, current system. He discussed the 2010 failure of the MetroWest Water Supply Tunnel's Shaft 5, which resulted in the emergency activation of the Chestnut Hill Reservoir and a two-day boil water order. Next, Mr. Coppes presented an overview of the Metropolitan Tunnel System's existing conditions, noting that its tunnels, valves, chambers and pipelines are 50-75 years old. He explained that due to age and constant use, portions of the system are inoperable and/or irreparable without a shutdown for rehabilitation, which is not possible without the addition of a redundant system. Mr. Coppes then advised that if it were necessary to perform an emergency shutdown of the City Tunnel, all of the MWRA's High Service area would lose their water supply; further, pumped service areas would lose water as tanks emptied, and the entire region would be placed under a boil order. He then advised that a 2016 analysis showed that the regional economic impact of a prolonged Metropolitan Tunnel System shutdown would be approximately \$300 million per day. Next, Mr. Coppes explained that the factors he outlined led to the development and 2017 Board approval of the Metropolitan Water Tunnel Program. He described the Tunnel Program's public health and operational benefits.

Mr. Coppes then discussed recent and ongoing interim improvements to reduce the risk of a failure of the current Metropolitan Water Tunnel system, and to improve response capabilities in the event of a failure, including the WASM 3 Pipeline Rehabilitation Project. There was brief discussion about the WASM 3 project. Mr. Coppes continued to describe interim improvement projects, such as the installation of new pressure-reducing valves for MWRA's WASM 3 and WASM 4 pipelines, the installation of new pumps at the Commonwealth Avenue Pump Station, and Top of Shaft construction projects.

Next, Kathy Murtagh, MWRA Director of Tunnel Redundancy, presented a progress update on the Metropolitan Water Tunnel Program. She described the current scope of the Program to construct two, deep rock pressure tunnels (14-15 miles in total) that will provide redundancy for the existing Metropolitan Water Tunnel system. She noted that the tunnels, one to the North and one to the South, will be located approximately 250-450 feet below grade under seven communities and will operate independently. She then presented an overview of the tunnels' preferred alignments as submitted in the Program's Draft Environmental Impact Report (DEIR) in October, 2022. Next, Ms. Murtagh presented the tunnels' planned shaft locations, where most ground-level construction activity would take place, and described the functions of launching shafts, receiving shafts, and connection shafts. She noted that MWRA owns three of the properties where shaft sites are planned to be located: School Street (Waltham), St. Mary's Street (Needham), and Newton Street (Brookline).

Ms. Murtagh then presented an overview of the Program schedule. She noted that the Preliminary Design phase was underway and was expected to be complete in January, 2024, with Final Design targeted to begin in mid-2024. She reported that a large geotechnical investigation had started on May 22, 2023 and was expected to continue through 2025. She noted that the first Metropolitan Water Tunnel Program construction package was planned to be advertised in 2027, and that the Program was expected to be complete by 2040. Next, she discussed the Tunnel Program's current design status. She described processes for upcoming construction package development and Program cost and schedule

refinement.

Next, Ms. Murtagh presented an overview of awarded and future Metropolitan Water Tunnel Program contracts and their dollar values, duration and planned start/end dates. She briefly described the scopes of the contracts, highlighting awarded contracts for Program Support Services, Preliminary Design, Geotechnical Support Services and the Rock Core Storage Facility. She then discussed upcoming procurements for Final Design and Engineering Services During Construction, and for Construction Management. She then described the scope of enabling construction contracts for advance tasks such as supplying power at launching shaft sites and providing tunnel shaft site drainage. Ms. Murtagh also discussed planned tunnel construction contracts, which will be broken up into two or three smaller packages, pending the results of staff analysis.

There was discussion about the function and cost of the Program's Rock Core Storage Facility, and rock core storage requirements under Massachusetts law. There was also general discussion about rock core processing and logging, and the storage facility's location.

Chair Tepper asked if there were opportunities for potential synergies with regards to the electric grid. Ms. Murtagh explained that the power supplies to be installed at the Tunnel Program sites would remain in place after construction and eventually become assets to the grid.

Ms. Murtagh continued her presentation with an update on design status. She reported that the first Draft Preliminary Design Report and Drawings are complete and under review for design optimization. She further reported that the Bottom-Up Preliminary Design cost estimate is pending (expected in late 2023), and described the bottom-up estimation process. She noted that Final Design is scheduled to start in 2024, and advised that staff planned to engage a single Final Design Consultant team, in keeping with past practices for the MetroWest Water Supply Tunnel project, and to maintain design consistency between construction packages.

Next, Ms. Murtagh discussed the status of the Environmental Impact Reports. She noted that MWRA had received the MEPA Certificate for the Program ENF in 2021. She further noted that MWRA submitted the DEIR in 2022, and that the DEIR Certificate directed MWRA to prepare a Supplemental DEIR (SDEIR), which is expected to be ready for submittal in the Summer of 2023.

Ms. Murtagh then discussed an alternate North Tunnel Endpoint. She explained that staff had identified a suitable receiving shaft site at the Fernald Property in Waltham, and, in response to City of Waltham concerns, staff have identified two new suitable site alternatives, including staff's preferred alternative, which is owned by UMass.

Next, Ms. Murtagh presented an overview of community and stakeholder outreach for the Metropolitan Water Tunnel Program, including Working Group meetings and a large number of meetings with a diverse range of stakeholders including community officials and municipal departments; key state agencies such as EEA, MassDOT, DCR, and the Department of Public Health; and, local businesses and

private property owners. Finally, Ms. Murtagh noted that the Tunnel Program's public outreach program included a Program website and fact sheets that are translated into multiple languages, and advised that outreach efforts would continue throughout the Program's duration.

Next, Mr. Durkin discussed the Metropolitan Water Tunnel Program's finances. He described staff's process for developing and updating and refining the Program budget, and for the incorporation of the updates into the CIP. Mr. Durkin explained that the CIP data is integrated into the CEB computer model, which generates borrowings and debt service schedules. He further explained that the CEB schedules are then used to develop estimated rate increases that would be sufficient to fund the CIP budget. Mr. Durkin noted that MWRA has used this modelling process, in conjunction with direct staff analysis, for over 30 years to estimate the affordability of projects. He reported that the models show that MWRA can afford the Tunnel Program's projected costs, and advised that current rate projections include the Metropolitan Water Tunnel Program. He further advised that while the original base costs and scope for the Tunnel Program have remained consistent, the Program's cost estimate has increased for the Final Draft FY24 CIP due to inflation. Finally, Mr. Durkin noted that staff expected to make further adjustments to the Metropolitan Water Tunnel Program budget when the Preliminary Design is complete.

(Mr. Foti and Ms. Wolowicz left and returned to the meeting; and Mr. Pappastergion and Rev. White-Hammond temporarily left the meeting during the presentation.)

Mr. Foti asked how the CIP budgeting process had changed since 2016. Mr. Durkin explained that the primary change was due to inflation.

Mr. Jack Walsh asked if there were geological faults within the preliminary design alignment. Ms. Murtagh responded in the affirmative and described several known faults. There was general discussion about the challenge of geological faults with regards to tunnel construction. Mr. Walsh asked about the water flow schematic that will be in place once the Tunnel Program is complete. Mr. Coppes provided a general overview of the new schematic, and described how the new tunnels will facilitate the rehabilitation and operation of the existing system. There was general discussion about expected Metropolitan Water Tunnel rehabilitation activities. Board Member Peña asked if there were any considerations that should be incorporated into the Metropolitan Water Tunnel Program design with regards to Water System Expansion. Mr. Coppes explained that the Tunnel Program design includes assumptions for water system expansion, with a future maximum day demand through 2060. Mr. Peña noted the Metropolitan Water Tunnel Program's extensive community outreach activities, and requested more information about how MWRA executed agreements with project host communities. Ms. Murtagh explained that all agreements would be executed through Memorandums of Agreements and Memorandums of Understanding. Mr. Peña suggested that staff consider changing the Metropolitan Water Tunnel Program's website's URL so that it is more easily remembered. Ms. Convery explained that the URL could be updated after the launch of MWRA's new website, which is currently in development under contract.

(Mr. Pappastergion and Rev. White-Hammond returned to the meeting during the discussion.)

Hearing no further discussion or questions from the Board, Committee Chair Vitale moved to the next Information item. (ref. VI A.1)

2022 Annual Water Quality Report (Consumer Confidence Report)

Stephen Estes-Smargiassi, MWRA Director of Planning and Sustainability, updated Board Members on MWRA's Annual Drinking Water Report ("CCR") for CY2022. He briefly described the in-house process for developing and publishing the CCR, which is prepared and distributed annually, in cooperation with MWRA's customer communities, as required by the EPA. He noted that each CCR includes a full page of local water quality information provided by the respective customer communities. He added that the CCR is a key part of MWRA's overall water quality outreach efforts, which include a detailed Monthly Water Quality Report, an online data archive, and updates for community officials, concerned constituents, and the media about any water quality topics that may arise, such as proposed changes to PFAS rules. He briefly described the schedule for mailing out the CCR to approximately 900,000 households, and noted highlights of this year's report, including discussions on the 2022 drought and MWRA's high-quality, well-protected water sources, reassurance regarding test results for PFAS, and a two-page informational section about lead. He further noted that the CCR also includes a page dedicated to local water test results and programs.

Next, Mr. Estes-Smargiassi advised that the EPA is in the process of revising its CCR Rule. He described some key expected changes, such as a requirement to issue the CCR twice a year, rather than annually, and the inclusion of more detailed information on required topics. He explained that meeting the EPA's expected new CCR requirements could pose a challenge with regards to the report's printed space constraints and the coordination of local data reporting. Mr. Estes-Smargiassi then advised that staff were considering a pilot to distribute the annual CCR electronically in 2024, in preparation for the twice-annual reporting requirement, which is expected in 2025. He noted that the pilot would likely consist of a mailed postcard that summarizes the CCR and provides links to the online version, adding that printed copies would be available upon customer request. Finally, Mr. Estes-Smargiassi explained that staff anticipate working with the MWRA Advisory Board Operations Committee and local customer communities to develop an efficient process for preparing and distributing the CCR twice a year under the new Rule. He advised that the current process for preparing the annual CCR takes approximately seven months, and explained that a producing biannual report in a timely fashion would require markedly increased coordination with communities.

Mr. Vitale asked if there was any discussion or questions from the Board. Hearing none, he moved to Contract Awards. (ref. VI A.2)

Contract Awards

Intermediate High Pipeline Improvements CP2, Rehabilitation of Sections 24 and 25 Water Mains: Albanese D&S, Inc., Contract 6956

A motion was duly made and seconded to approve the award of Contract 6956, Intermediate High

Pipeline Improvements CP2, Rehabilitation of Sections 24 and 25 Water Mains, to the lowest responsible and eligible bidder, Albanese D&S, Inc., and to authorize the Executive Director, on behalf of the Authority, to execute said contract in the bid amount of \$18,673,000 for a contract term of 912 calendar days from the Notice to Proceed.

Ester Lwebuga, MWRA Senior Program Manager, E&C, presented an overview of proposed Contract 6956, which is the first of three contracts to interconnect two geographically distinct Intermediate High water pressure zones. She explained that this project would provide additional redundancy and operational flexibility for the Intermediate High service area. She then noted that the CP2 contract was advertised before CP1 in order to accommodate MassDOT and City of Watertown paving schedules. Next Ms. Lwebuga presented the scope of the project, which includes a replacement and hydraulic pipe size increase for 5,900 linear feet of Section 25 pipeline, the cleaning and lining rehabilitation of 3,300 linear feet of Section 24, and the replacement of two revenue meters in Watertown. She then provided a brief overview of the contract's bid and award process. She reported that the lowest bid proposal, from Albanese D&S, Inc., was 12.2% below the Engineer's Estimate. Finally, Ms. Lwebuga advised that Albanese has successfully completed several water and sewer projects for MWRA, and that staff recommended this award.

Chair Tepper asked if there was any discussion or questions from the Board. Hearing none, she requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		
Wolowicz		

(ref. VI B.1)

Intermediate High Pipeline Improvements CP2 Sections 24 and 25 Resident Engineering and Inspection Services: CDM Smith Inc., Contract 7680

A motion was duly made and seconded to approve the recommendation of the Consultant Selection Committee to award Contract 7680, Intermediate High Pipeline Improvements CP2 Sections 24 and 25 Resident Engineering and Inspection Services, to CDM Smith Inc. and to authorize the Executive Director, on behalf of the Authority, to execute said contract in an amount not to exceed \$1,902,278.71 for a contract term of 33 months from the Notice to Proceed.

Ms. Lwebuga explained that the proposed contract 7680 was for Resident Engineering and Inspection Services to support the construction of the Intermediate High Pipeline Improvements CP2, Rehabilitation of Sections 24 and 25 Water Mains project. She reported that the recommended proposer, CDM Smith, Inc., had submitted the lowest cost proposal. Finally, Mr. Lwebuga advised that the proposed Resident Engineer has over 25 years of experience in construction and was rated as excellent by MWRA staff on previous projects.

(Ms. Wolowicz temporarily left the meeting during the presentation.)

There was brief, general discussion that CDM Smith's proposed hours were the same as the Engineer's Estimate proposed hours.

Hearing no further discussion or questions from the Board. Chair Tepper requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		

(ref. VI B.2)

WASTEWATER POLICY AND OVERSIGHT

Contract Awards

Grit and Screenings Hauling and Disposal: W. L. French Excavating Corporation, Contract S612

A motion was duly made and seconded to approve the award of Contract S612, Grit and Screenings Hauling and Disposal, to W. L. French Excavating Corporation, and to authorize the Executive Director, on behalf of the Authority, to execute said contract in the bid amount of \$4,902,019.25, for a contract term of 731 calendar days from the Notice to Proceed.

David Duest, MWRA Deer Island Treatment Plant Director, briefly described the scope and terms of the proposed two-year contract to haul and dispose of grit and screenings from MWRA's wastewater facilities. He explained that the contract is recurring, and that staff had limited this proposed contract to two years (vs. the typical three-year contract), because of a volatile market for landfilling due to high costs and regional restrictions. Mr. Duest advised the contract was competitively bid, and that only one bid was received, at 27% over the Engineer's Estimate. He explained that staff are confident that W.L. French's bid was competitive; a comparison of MWRA's bid results with those of another wastewater

treatment plant in Massachusetts showed that MWRA's contract cost (approximately \$320/wet ton) was nearly half of the other plant's low bid (\$610/wet ton).

Board Member Patrick Walsh noted that the high costs for hauling and landfilling were being seen across the construction industry. He asked for more information about the proposed contract's landfill site. Mr. Duest explained that materials will be hauled to Fitchburg, Massachusetts. He further explained that the previous contract's landfill site in Turnkey, New Hampshire had raised its prices significantly. There was general discussion about rising landfill prices and the challenges of finding landfill locations.

Board Member White-Hammond advised that current landfilling practices may become non-viable in the near future. She asked about task forces and opportunities to discuss this issue long-term. Mr. Laskey agreed with Rev. White-Hammond, and acknowledged the urgency of landfilling challenges. Chair Tepper advised that the Administration shared these concerns about landfilling. She noted that she was scheduled to attend a briefing on the matter, and that convening to discuss waste disposal solutions was being considered. Rev. White-Hammond offered the City of Boston's support and participation. Mr. Laskey also offered MWRA's support and participation.

Hearing no further discussion or questions from the Board, Chair Tepper requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Tepper		
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		

(ref. VII A.1)

Extended Warranty, Service and Maintenance Sole Source Contract for the Process Instrumentation and Control System at the Deer Island Treatment Plant: ABB, Inc.

A motion was duly made and seconded to approve the award of a sole source extended warranty, service and maintenance contract for the Process Instrumentation and Control System at the Deer Island Treatment Plant with ABB, Inc., and to authorize the Executive Director, on behalf of the Authority, to execute said contract in the amount of \$1,370,722 for a contract term of three years, from July 1, 2023 through June 30, 2026.

(Chair Tepper left the meeting after the motion was made and seconded and noted that Mr. Pappastergion would serve as Chair for the remainder of the meeting.)

Mr. Duest, joined by Lisa Wong, Manager of Process Control for Deer Island, briefly presented the scope and terms of a proposed sole source, extended warranty, service and maintenance contract for the Process Instrumentation and Control System (PICS) at the Deer Island Treatment Plant (DITP). He explained that ICS is an industrial control system that provides plant-wide monitoring, automated control and alarming. He noted that the Deer Island Treatment Plant's PICS is one of the most expansive control systems in the United States, and presented an overview of its large inventory of input/output points, distributed processing unit cabinets and control modules. He briefly described the function of control modules. Mr. Duest advised that the estimated value of the PICS system is \$52 million in today's dollars, noting that it was installed when Deer Island was constructed. He further noted that portions of the PICS system had been upgraded over time. Next, Mr. Duest presented the automation capabilities of the PICS system, which allows MWRA to minimize staffing requirements. He then discussed the functions and operations of the PICS system's human-machine interface (HMI), provided by Emerson. Mr. Duest explained that the proposed PICS contract was sole sourced because PICS is a proprietary system. Next, Mr. Duest reported that the total cost of the proposed contract with ABB, Inc. is a 12% increase over the prior contract. He noted that staff had added project services to this proposed contract to address component upgrades, including security updates. Mr. Duest then highlighted key components of the proposed contract, including an extended warranty service that will provide a 30% discount on parts, and 600 hours of on-site service for preventative maintenance, including 96 hours for 24-7, on-call emergencies.

(Ms. Wolowicz returned to the meeting during the presentation.)

Mr. Jack Walsh asked if Bailey still produces the PICS equipment. Mr. Duest responded in the affirmative and explained that one of the reasons why MWRA proposed to engage ABB as a sole source contractor is because ABB (previously Bailey) is one of the few contractors that manufactures its own parts. He further explained that staff considered newly-manufactured parts to be more up-to-date and reliable than reconditioned parts, adding that reliability is important for this critical operating equipment. Mr. Walsh asked if the contract's project services costs were paid up front. Mr. Duest explained that project services would be used as needed, similar to task order contract. Mr. Walsh asked how old the PICS software was. Mr. Duest explained that the software is up to date, and noted that ABB is committed to updating and maintaining the software over the long-term. There was brief, general discussion about recent system software updates.

Hearing no further discussion or questions from the Board Vice Chair Pappastergion requested a roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		

Yes No Abstain

P. Walsh

White-Hammond

Wolowicz

(ref. VII A.2)

Hayes Pump Station Rehabilitation Design and Engineering Services During Construction: Hazen and Sawyer, P.C., Contract 7162, Amendment 2 and Technical Assistance Consulting Services: Hazen and Sawyer, P.C., Contract No. 7497, Settlement of Claim, Weston Aqueduct Sluice Gates Construction Project

A motion was duly made and seconded to approve Amendment 2 to Contract 7162, Hayes Pump Station Rehabilitation, Design and Engineering Services During Construction, with Hazen and Sawyer, P.C. to increase the contract amount by \$143,875, from \$2,099,924 to \$2,243,799, and increase the contract term by 23 months from October 22, 2025 to September 22, 2027. Further, to authorize the Executive Director, on behalf of the Authority, to execute a settlement agreement with Hazen and Sawyer, P.C. to settle the Authority's claim of a design deficiency under Contract No. 7497, Technical Assistance Consulting Services, for \$36,475 relating to the Weston Aqueduct Sluice Gates Construction project, subject to terms and conditions that are satisfactory to the Authority.

Patricia Mallett, MWRA Senior Program Manager, Engineering and Construction, summarized the reasons for a proposed amendment to a Rehabilitation, Design and Engineering Services During Construction (ESDC) contract for the Hayes Pump Station Rehabilitation project. She explained that the design phase for the project has taken 12 months longer than originally scheduled due to the design of out of scope items, and delays in the permitting support process required for project construction. She further explained that an access permit to the MassDOT storm water system is required for project site overflow and construction dewatering. She advised that modeling of the MassDOT drainage system was required prior to permit approval and noted that staff were currently working with MassDOT on the review and approval process. Ms. Mallett then explained that additional time was needed for the application and review processes for a required plumbing variance for the installation of a unisex restroom at the Hayes Station, and for a required egress variance. She then advised that the construction phase has been extended by 11 months due to Covid-related materials delivery delays and supply chain issues. Next, Ms. Mallett advised that staff were requesting an increase of the contract amount for the costs of the time extension and to provide project management for the efforts she had outlined. She explained that the additional costs include approximately \$36,000 for the escalation of labor for work that will take place later than originally planned. Ms. Mallett then advised that staff were also requesting Board approval to enter a settlement agreement with Hazen and Sawyer, PC for a design error on the Weston Aqueduct Sluice Gates Construction Project (MWRA Contract 7369).

Mr. Jack Walsh requested more information about the reasons for the requested time extension. John Colbert, MWRA Chief Engineer, explained that the time extension was needed to obtain the required permits, and for delays caused by supply chain issues, which in turn, caused construction delays. He

Approved: June 21, 2023

Attest: Kristin MacDonnell for
Brian Peña, Secretary

MASSACHUSETTS WATER RESOURCES AUTHORITY

Annual Meeting of the Personnel and Compensation Committee Independent of Management
Authority Accountability and Transparency Act Compliance
May 24, 2023

The Annual Meeting of the Personnel and Compensation Committee Independent of Management was held on May 24, 2023 at MWRA's headquarters at Deer Island in Boston, and also via remote participation, in accordance with Massachusetts General Law Chapter 29, Section 29K (the Authority Accountability and Transparency Act), for the purpose of generally reviewing and comparing salaries and benefits of private sector companies, charitable institutions and state agencies with those of MWRA's "executives," which include the Executive Director, Chief Operating Officer, Director of Finance, Director of Administration and General Counsel.

Personnel and Compensation Committee Chair Wolowicz presided via remote participation. Board Members Flanagan, Foti, Pappastergion, Peña, J. Walsh, P. Walsh and Rev. White Hammond participated at MWRA headquarters. Mr. Vitale participated remotely. Board Chair Tepper was absent.

Kristin MacDougall, MWRA Assistant to the Board of Directors, participated at MWRA headquarters and Michael Curtis, MWRA IT Asset Management Analyst, MIS, participated remotely. No MWRA management staff were present or participated remotely. The meeting remained open to the public.

The meeting was called to order at 2:17pm.

Authority Accountability and Transparency Act Compliance

MWRA General Counsel Francisco Murphy gave a brief explanation of the Authority Accountability and Transparency Act. There was brief discussion about the purpose of the meeting. There was also brief discussion about a meeting to review the Executive Director's performance, would will be held at a later date, at the Board's discretion.

Ms. Francisco Murphy then asked MWRA non-union managers to leave the meeting. Ms. Francisco Murphy took roll call of Board Members in attendance and announced that Board Members Vitale and Wolowicz were participating remotely. Ms. Francisco Murphy then left the meeting. In accordance with the Act, no Authority employee with management responsibilities was present to advise, participate in or influence any discussions which the Board undertook.

Board members reviewed and discussed the Staff Summary materials. They discussed executive compensation at comparable state and US water and sewer utilities, non-for-profit agencies, and private entities. There was also discussion about inflation and collective bargaining agreements. There was also brief discussion about Mr. Laskey's work performance and upcoming performance review.

A motion was duly made and seconded that the Board had met to review and discuss executive compensation in compliance with the Authority Accountability and Transparency Act, and that the Board would discuss the Executive Director's performance review at a future meeting.

A roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		
Wolowicz		

ADJOURNMENT

A motion was duly made and seconded to adjourn the meeting.

A roll call vote in which the members were recorded as follows:

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Flanagan		
Foti		
Pappastergion		
Peña		
Vitale		
J. Walsh		
P. Walsh		
White-Hammond		
Wolowicz		

The meeting adjourned at 2:28pm.