

MASSACHUSETTS WATER RESOURCES AUTHORITY

Meeting of the Board of Directors

January 18, 2023

A meeting of the Massachusetts Water Resources Authority (“MWRA”) Board of Directors was held on January 18, 2023. The meeting was conducted via remote participation by the Board of Directors pursuant to Chapter 20 of the acts of 2021 and subsequent acts extending certain COVID-19 measures adopted during the state of emergency.

Board Secretary Pappastergion served as Chair of the meeting at Secretary Tepper’s request. Chair Pappastergion presided remotely from MWRA headquarters. Also present from the Board were Secretary Tepper (remotely from MWRA headquarters); Messrs. Flanagan (remotely from MWRA headquarters) Foti (remotely from MWRA headquarters); Peña (remotely from MWRA headquarters); Vitale (remote participation); Jack Walsh (remote participation); Patrick Walsh (remote participation); Rev. White-Hammond (remotely from MWRA headquarters); and, Ms. Wolowicz (remote participation). Mr. Carroll was absent.

MWRA Executive Director Frederick Laskey, General Counsel Carolyn Francisco Murphy and Assistant Secretary Kristin MacDougall participated remotely from MWRA headquarters. Other MWRA staff in attendance remotely included David Coppes, Chief Operating Officer; Carolyn Fiore, Deputy Chief Operating Officer; Thomas Durkin, Director, Finance; Michele Gillen, Director, Administration; Kathy Murtagh, Director, Tunnel Redundancy; Patterson Riley, Special Assistant For Affirmative Action; Paula Weadick, Director, MIS, Steve Rhode, Director, Laboratory Services; Valerie Moran, Director, Waterworks; Stephen Estes-Smargiassi, Director, Planning and Sustainability; Wendy Chu, Director, Human Resources; Rita Mercado, Acting Director, Procurement; Matthew Horan, Deputy Director of Finance/Treasurer; Michael Cole, Director, Budget; and, Assistant Secretary Ria Convery. Vandana Rao, Executive Office of Environmental Affairs (EEA), and Joseph Favalaro and Matthew Romero, MWRA Advisory Board, participated remotely from MWRA headquarters.

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

REPORT OF THE CHAIR

On behalf of the Board of Directors, Board Secretary Pappastergion welcomed EEA Secretary Tepper and announced that he would serve as Chair of the meeting at her request. Secretary Tepper introduced herself to Board Members, MWRA and Advisory Board staff and meeting participants. She noted that she recently had a productive meeting with MWRA Executive Director Laskey and looked forward to working with Board Members and MWRA staff. (Ref. II)

ROLL CALL

MWRA General Counsel Francisco Murphy took roll call of Board Members in attendance. The Chair announced that except for Executive Session, the meeting was open to the public virtually, via a link posted on MWRA’s website. He added that the meeting would be recorded, and that the agenda and meeting materials were available on MWRA’s website. Chair Pappastergion announced that the meeting would move into Executive Session after the Executive Director’s report, and that the Open Session would resume after the adjournment of

Executive Session. He also announced that individual roll call votes would be conducted after each motion was made and given an opportunity for discussion.

APPROVAL OF DECEMBER 14, 2022 MINUTES

A motion was duly made and seconded to approve the minutes of the Board of Directors' meeting of December 14, 2022.

Chair Pappastergion asked if there was any discussion or questions from the Board. Hearing none, he 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. I)

REPORT OF THE EXECUTIVE DIRECTOR

On behalf of MWRA staff, Mr. Laskey welcomed Secretary Tepper to the Board of Directors. He then announced that the Department of Environmental Protection (DEP) had awarded MWRA a \$96,000 Clean Energy Gap Grant to install heat pumps at the Newton Street and New Neponset Pump Stations. Next, he advised that NEFCo, the contract operator of MWRA's pelletizing plant, had received a 21E demand letter relating to Mass Naturals, a Westminster composting facility that had been in the news regarding PFAS. He noted that MWRA staff had no further information at this time, that MWRA had not received such a letter, and that staff would keep Board members posted. Next, Mr. Laskey advised that there continues to be some stress with Waltham city officials over the location of the proposed tunnel and a major water pipeline project. He then updated Board members on annual winter maintenance activities at the Carroll Water Treatment Plant and a recent Ware River water transfer into the Quabbin Reservoir. Finally, Mr. Laskey briefly described agenda items planned for the February 2023 Board Meeting including the annual Board meeting. (ref. III)

EXECUTIVE SESSION

Chair Pappastergion requested that the Board move into Executive Session to discuss Litigation, since Open Session may have a detrimental effect on the litigating position of the Authority. He announced that the planned topic of discussion in Executive Session was the Annual Litigation Summary and Update. He 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 this purpose, 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 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 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		
Foti		
Pappastergion		
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 Litigation since discussing such in Open Session could have a detrimental effect on the litigating position of the Authority.

*** EXECUTIVE SESSION ***

The meeting entered Executive Session at 1:11pm and adjourned at 1:24pm.

*** CONTINUATION OF OPEN SESSION ***

WASTEWATER POLICY AND OVERSIGHT

Information

MWRA's Ongoing Contribution to Wastewater Based Epidemiology

Staff presented an update on MWRA's ongoing contribution to Wastewater Based Epidemiology and how that relates to the current state of the COVID-19 (“Covid”) pandemic. MWRA Chief Operating Officer David Coppes began the presentation with an overview of MWRA's metropolitan sewer system, including its service area, headworks, and facilities for Combined Sewer Overflow (“CSO”) control and wastewater treatment. He then described how wastewater

flows are transported and pumped from MWRA's North and South system service communities to the Deer Island Treatment Plant ("DITP"). Finally, Mr. Coppes explained that DITP wastewater samples have been collected and analyzed for viral RNA since 2020. Next, MWRA Director of Laboratory Services Steve Rhode presented an outline of MWRA's Wastewater Covid-19 Tracking program, for which MWRA staff have provided wastewater samples for analysis by Biobot Analytics, a wastewater epidemiology company, since the start of the pandemic. He presented historical and current data, which showed the peaks and valleys of concentrations of Covid RNA in MWRA wastewater over time. He briefly explained the significance of the test results. Next, Mr. Rhode presented a comparison of wastewater signal to Covid cases as reported by the Massachusetts Department of Public Health ("DPH"). He noted that signal-to-case comparisons have tracked closely until recently, possibly due to individual case underreporting as home Covid testing kits become more prevalent. He then provided background on the program, and noted that it could be the longest continuous daily sample record for wastewater testing of SARS-CoV-2 in the United States. Mr. Rhode then explained that DPH would continue to fund the program through 2023, and could move the testing to its lab in Jamaica Plain in the future. Next, he described how MWRA's Biobot results are shared with the State Command Center and DPH staff as they are received, then posted on mwra.com. He then reported that DPH asked MWRA to participate in a different wastewater scan program run by Verily Public Health that tests for SARS-CoV-2, flu, RSV, influenza and a few other pathogens. Finally, Mr. Rhode noted that the Verily results are posted online and would also be linked to MWRA's website after Verily changes their hyperlink pending their website redesign.

Committee Chair Jack Walsh asked where individuals could report Covid home test results. Mr. Rhode explained that DPH's website notes that such reporting to them is not necessary. He also noted that this change highlights the value of testing wastewater for pathogens, as the results apply to the entire population of a sewer service area, whether individuals are reporting their test results or not.

Hearing no further discussion or questions from the Board, Chair Pappastergion moved to Water Policy and Oversight. (ref. V A.1)

WATER POLICY AND OVERSIGHT

Committee Chair Vitale welcomed Secretary Tepper to the Board of Directors on behalf of Mayor Wu and Boston residents.

Information

Update on Temporary Fluoride Shutdown for Construction

MWRA staff presented an update on upcoming work on MWRA's fluoride chemical addition system. MWRA Deputy Chief Operating Officer Carolyn Fiore began the presentation with an overview MWRA's water system, including the water service area; reservoirs; the system of water pipes, tunnels, and aqueducts; storage facilities; and, pump stations. She noted that MWRA also supplies Quabbin Reservoir water to the McLaughlin Fish Hatchery and generates electricity at the Oakdale and Cosgrove hydropower facilities. She then presented additional

background on the Brutsch Water Treatment Facility, the Carroll Water Treatment Plant, and their respective treatment processes. Finally, Ms. Fiore described the MWRA/Department of Conservation and Recreation (“DCR”) Watershed Protection Program.

Next, MWRA Director of Waterworks Valerie Moran presented a more detailed review of MWRA’s water treatment steps at the Carroll Plant, including primary and residual disinfection, corrosion control and fluoridation. She highlighted a solar panel array that generates green energy at the Carroll plant. She then advised that MWRA was planning a temporary shutdown of fluoridation at the Carroll Plant to accommodate work to replace chemical feed equipment for fluoridation and corrosion control. She explained that much of the current equipment was approximately 20 years old and nearing the end of its useful life. She further explained that replacement work would begin in mid-March, 2023. Ms. Moran described the equipment and systems that will be replaced under the contract, and explained that the work requires the temporary shutdown of fluoridation cycles. She further noted that MWRA staff recommended the isolation of the fluoridation system once for approximately three months until all the work is complete, rather than initiate three to six, two- to three-week “off-on” cycles. She explained that shutting down fluoridation for one longer period of time rather than for repeated, shorter timeframes promotes worker safety. She further explained that a single shutdown was beneficial because it reduces the frequency of potential regional hazmat team calls in case of emergency. Ms. Moran noted that the Marlborough Fire Chief had also recommended one full isolation period due to potentially long response times for the hazmat team, which is not located in Marlborough. Next, she provided background on fluoridation in the MDC/MWRA’s water system, which has taken place since the 1970s with few interruptions. Mr. Moran then explained that in preparation for the upcoming fluoride shutdown, MWRA staff had coordinated with the DPH and DEP, who reviewed and approved MWRA’s shutdown and community outreach plans. She provided an overview the outreach plan, which includes notifications to all water superintendents and public health officers in the MWRA service area, the advance posting of a public notice with subsequent progress updates on the front page of MWRA’s website, as well as notices on the website’s fluoridation page and in the Monthly Water Quality Update report. She then reviewed the schedule for the fluoride shutdown, beginning with a fluoride dilution process for tank and pipe flushing in January 2023, followed by the handover of flushed equipment to the contractor in mid-March. Finally, Ms. Moran explained that construction was expected to take place through late April or early May, with final testing and the resumption of fluoridation expected to be complete by late May.

Board Member White-Hammond asked for clarification on how much the temporary fluoride shutdown could impact the dental health of constituents, and asked if MWRA and customer communities could potentially partner with local dentists and schools for additional outreach. MWRA Director of Planning and Sustainability Stephen Estes-Smargiassi explained that DPH specified that no additional outreach efforts were required for MWRA’s shutdown due to its short duration. Board member Peña asked about legal strategy to reduce risks. General Counsel Francisco-Murphy explained that Law Division and Risk Management staff work closely to look for any potential risks, and that the upcoming shutdown had not raised concerns.

Rev. White-Hammond suggested that issuing an informational press release could help maintain and build public trust in MWRA. Mr. Estes-Smargiassi explained that MWRA's current outreach strategy for the shutdown included the prominent placement of a notice on mwra.com and outreach to all public health officers in the affected service area. Mr. Laskey asked Board Members if they recommended the issuance of a region-wide press release. Rev. White-Hammond suggested ways that a press release could be framed and Board Members Flanagan and Foti noted benefits of a press release. Chair Pappastergion noted that community-level officials were responsible for informing local ratepayers of any changes to water chemistry, and recommended that MWRA staff encourage local water superintendents and public health officers to notify their constituents. There was discussion about approaches, including a bill flyer and the Consumer Confidence Report (CCR), and what could be included. Secretary Tepper suggested that outreach materials could state that staff had consulted with public health officials and that no dental health impacts were expected. Mr. Estes-Smargiassi advised that staff would reach back out to DPH to collaborate with them on approaches. It was noted that there are some water districts that do not fluorinate; but that the water for fully- and partially-supplied MWRA communities in Eastern Massachusetts water is fluoridated.

Chair Pappastergion asked if there was further discussion or questions from the Board. Hearing none, he moved to Personnel and Compensation. (ref. VI A.1)

PERSONNEL AND COMPENSATION

Approvals

PCR Amendments - January 2023

A motion was duly made and seconded to approve amendments to the Position Control Register (PCR) as presented and filed with the records of this meeting.

MWRA Human Resources Director Wendy Chu explained that the Position Control Register (PCR) is MWRA's tool to track positions and personnel expenses, and provided a brief overview of MWRA policies with respect to Board of Directors' Approval and Delegated Authority for Personnel and Compensation matters. She explained that Diversity, Equity and Inclusion ("DEI") is a priority at MWRA and that staff approaches recruitment and retention through a DEI lens. She noted that MWRA staff actively recruits candidates from minority and underrepresented populations for all of union and non-union positions, and includes staff from Human Resources or the Affirmative Action and Compliance Unit on every interview panel because representation is one of MWRA's core values. Ms. Chu then summarized three proposed PCR amendments, including two title and grade changes for two vacant positions in the Executive Division, Public Affairs Department, and a new position in the Executive Division, Security Department, all to better meet staffing needs. She advised that the two proposed Public Affairs positions reflect MWRA's ongoing efforts to engage in community outreach and also to advance environmental justice, diversity, equity, inclusion and accessibility in MWRA's work. She added that staff had added bilingual preference to these job descriptions to reflect the communities MWRA works in and serves.

Chair Pappastergion asked if there was any discussion or questions from the Board. Hearing

none, he 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. VII A.1)

Appointment of Kristen A. Patneaude, Manager, Energy, Operations Division

A motion was duly made and seconded to approve the appointment of Ms. Kristen A. Patneaude to the position of Manager, Energy (Non-Union, Grade 14) in the Operations Administration Department, at an annual salary of \$143,000, commencing on a date to be determined by the Executive Director.

Ms. Chu described the proposed candidate's work experience and qualifications.

Chair Pappastergion asked if there was any discussion or questions from the Board. Hearing none, he 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. VII A.2)

Appointment of Martin McGowan, Director, Construction

A motion was duly made and seconded to approve the appointment of Mr. Martin McGowan to the position of Director, Construction (Non Union, Grade 16), in the Engineering and Construction Department at an annual salary of \$162,542, commencing on a date to be determined by the Executive Director.

Ms. Chu described the proposed candidate's work experience and qualifications.

There was brief discussion about the candidate's Massachusetts Professional Engineer status.

Chair Pappastergion asked if there was further discussion or questions from the Board. Hearing none, he 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. VII A.3)

Appointment of Kristen Schuler Scammon Associate General Counsel, Litigation

A motion was duly made and seconded to approve the appointment of Ms. Kristen Schuler Scammon to the position of Associate General Counsel, Litigation, (Non-Union, Grade 15) at an annual salary of \$149,000, commencing on a date to be determined by the Executive Director.

Ms. Chu described the proposed candidate's work experience and qualifications.

Chair Pappastergion asked if there any discussion or questions from the Board. Hearing none, he 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. VII A.4)

Appointment of Kimberley A. McMahon, Associate General Counsel, Labor and Employment

A motion was duly made and seconded to approve the appointment of Ms. Kimberley A. McMahon to the position of Associate General Counsel, Labor and Employment, Law Division (Non-Union, Grade 15) at an annual salary of \$149,000, commencing on a date to be determined by the Executive Director.

Ms. Chu described the proposed candidate's work experience and qualifications.

Mr. Vitale requested a summary of Law Division staffing changes from March 2021 through December 2022, and the Law Division staff count. Ms. Francisco Murphy explained the changes concerning a paralegal and litigation administrative position. Ms. Gillen added that an Associate General Counsel, Energy and Environment position was also added during that time. Chair Pappastergion asked if there was further discussion or questions from the Board. Hearing none, he 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. VII A.5)

ADMINISTRATION, FINANCE AND AUDITInformationDelegated Authority Report – December 2022

MWRA Director of Administration Michele Gillen provided an overview of the Delegated Authority Report's purpose, and MWRA's Management Policies of the Board of Directors with respect to Procurement Delegated Authority. She also described staff's procurement, approval and documentation procedures for delegated authority and sole source purchases.

Mr. Jack Walsh asked if Delegated Authority Report item C-7, Wachusett Dam Lower Gatehouse Pipe Replacement and Southborough Headquarters Electrical Systems Upgrade RE/I Services, was advertised through a competitive bidding process. MWRA Acting Director of Procurement Rita Mercado responded in the affirmative and explained that MWRA had advertised for RFQ/Ps and received only one proposal, from Hazen and Sawyer. She further explained that Hazen and Sawyer was the design consultant for these projects and that the firm was well equipped to provide the expertise and services required. Finally, Ms. Mercado advised that the small number of bids received was indicative of the current, highly competitive market

for qualified RE/RI staff. There was brief, general discussion about the cost of the projects' contract and staffing.

Chair Pappastergion asked if there was further discussion or questions from the Board. Hearing none, he moved to the next Information item. (ref. VIII A.1)

FY23 Financial Update and Summary through December 2022

MWRA Director of Finance Thomas Durkin updated Board Members on MWRA's Finance activities through December 2022 and provided a brief overview of MWRA's Current Expense Budget (CEB) development and reporting processes. He noted that direct expenses were underspent by \$6.4 million (-\$4.6%), primarily due to lower than budgeted full time equivalent (FTE) counts (-112 FTEs). Next, he reported that chemicals were overspent by approximately \$1 million (+13%), driven by inflation. Mr. Durkin briefly described recent trends regarding inflation and the consumer price index, and their impacts on MWRA's utilities budgets (approximately \$1 million overspent, or +5.6%). He cited a recent Deer Island diesel fuel purchase as an example. He then reported that indirect expenses were underspent by approximately \$700,000 (-2.3%), primarily attributed to DCR watershed reimbursements. Next, he reported that MWRA's Capital Finance budget had a 0% variance. He described MWRA's Capital Finance strategy, including the management of variable rate borrowings, bond issuances and bond resets. Mr. Durkin then provided an overview of MWRA's bond defeasance and debt service strategies, and how they relate to MWRA community assessments. He reported that MWRA had approximately \$3.5 million set in the defeasance account, and that staff expected that sum to grow over the fiscal year. He advised that that staff would continue to monitor rising variable rate bond rates as they could impact the defeasance budget. Next, Mr. Durkin provided a summary of MWRA's revenue sources, including approximately 97% from community assessments and 3% from other sources such as investments and Other User Charges. He noted that the other sources of revenue category is important to MWRA budgets because that is applied to offset assessments, and reported a positive Revenue variance of approximately \$9.9 million. He then detailed MWRA's strategies for investments, debt service and the management of assets, liabilities and spending. Finally, Mr. Durkin reported a total positive budget variance of approximately \$17 million.

Mr. Vitale asked about the "increased contributions by external new hires" referenced in the Staff Summary. Mr. Durkin explained that this point relates to changes in MWRA health insurance participation as new hires filled vacant positions; based on date of hire, the Authority pays 75% or 80% of an employee's health insurance premium costs. Mr. Vitale requested more information about increased chemical usage... Mr. Durkin explained that reduced flows had created odors that required additional chemical treatment. There was general discussion and questions and answers about MWRA's investment strategy, investment portfolio, the current economic environment, interest rates, and the potential impacts of inflation on MWRA and its ratepayers. Mr. Jack Walsh requested clarification about a figure on page 4 of the Staff Summary regarding the cost of edge switches. MWRA Budget Director Michael Cole advised that staff would review the figure and report back as soon as possible. (Mr. Jack Walsh's question was answered during the discussion for agenda item VIII B.1.)

Hearing no further discussion or questions from the Board, Committee Chair Foti moved to Approvals. (ref. VIII A.2)

Approvals

Transmittal of the FY24 Proposed Capital Improvement Program and Proposed FY24-28 Spending Cap to the MWRA Advisory Board

A motion was duly made and seconded to approve the transmittal of the FY24 Proposed Capital Improvement Program and the Proposed FY24-28 Cap spending to the MWRA Advisory Board for its 60-day review and comment period.

Staff presented the FY24 Proposed Capital Improvement Plan (CIP) and FY24-28 spending Cap to Board Members. Mr. Durkin began the presentation with an overview of the CIP development and approval process. He advised that FY24 would begin the next 5-year spending Cap (“Cap”) for FY24-FY28. He described the purpose and history of the spending Cap. Mr. Durkin noted that staff would introduce two concepts to the proposed spending Cap to increase data validity. He explained that the first change is the disaggregation of the Metropolitan Water Tunnel Program which is much larger in scope than most MWRA projects, to avoid skewing comparisons of total spending over time. He further explained that the second change is a 25% spending rate adjustment similar to the adjustment applied to wages and salaries, to more precisely quantify staffing costs in a volatile job market, based on historic spending data.

Next, MWRA Budget Director Michael Cole presented a review of the proposed FY19-23 proposed Cap (\$984.8 million), the final FY23 Cap (\$672.6 million), and the proposed FY24-28 Cap (\$1.273 billion). He highlighted the proposed Cap’s separate project spending line item for the Tunnel Program (\$1.7 billion, projected), and the 25% spending rate adjustment (-\$424.6 million). He advised that the total projected Cap for FY24-28 was \$1.273 billion, net, and presented Cap projections for FY29-33 (\$1.8 billion total, with \$553.9 million for the Tunnel Program.) Mr. Cole then presented the top 16 spending project sub phases excluding community loans for FY24 and the top 15 for FY24-28. He explained those top projects were driving over 41% of funding for FY24 and 37% for FY24-28. Finally, Mr. Cole presented eight wastewater projects and two water projects added to the proposed FY24-28 Cap, and noted that spending for several wastewater pump station rehabilitation projects was expected to increase in FY29-33.

Next, MWRA Chief Operating Officer David Coppes provided an overview of projects completed during the FY19-23 Cap period, including Chelsea Creek Headworks Rehabilitation, North Dorchester Sewer Lining, Southern Extra High Water Redundancy, Intermediate High Water Redundancy, and Metropolitan Water Tunnel interim projects such as the rehabilitation of WASM 3 and the Commonwealth Avenue Pump Station. He then described challenges encountered during large-scale, complex projects such as Deer Island Clarifier Phase Two, including regulatory, supply chain, bid packaging, procurement and staffing issues, and provided an overview of the scope and purpose of the Deer Island Clarifier project. Finally, Mr. Coppes described the Deer Island Treatment Plant’s current on-site energy and power

generating systems, and presented an overview of MWRA's Combined Heat and Power Study, which aims to increase on-site generation from 57% to 74%, with significant reductions in greenhouse gas emissions from the plant.

Next, MWRA Director of Tunnel Redundancy Kathy Murtagh presented a status update on the Tunnel Program. She explained that the Program is in the preliminary design and environmental review phase, and that the Program's Draft Environmental Impact Report (DEIR) had been recently submitted. She presented the location of the preferred alternative for the tunnel's alignment, and provided an overview of work planned through FY28, including the completion of preliminary design and environmental review, geotechnical investigation and the collection of geotechnical and geologic data; and, the engagement of a final design engineer and construction manager. Finally, Ms. Murtagh noted the first construction package for the Program could potentially be ready to bid and possibly break ground in during the FY24-28 spending Cap timeframe, and that these activities were reflected in the proposed CIP.

Next, Mr. Coppes continued to present an overview of projects in the FY24 Proposed CIP, including South System Pump Station Variable Frequency Drive (VFD) Replacement, Ward Street and Columbus Park Headworks Construction, the rehabilitation of five sewer pump stations and the Prison Point CSO Facility, and the Combined Sewer Overflow Control Program.

Next, MWRA Deputy Director of Finance/Treasurer Matthew Horan presented an overview of MWRA's Capital Spending and Debt Service strategies and their actual and projected outcomes from FY16 through FY24. He explained that controlling and managing debt service is how staff manages MWRA's overall rate structure, and noted that MWRA refunded approximately \$2.4 billion worth of bonds for about \$323 million in present value savings since June 30, 2016. Finally, Mr. Horan explained that based on estimated spending, staff anticipates to continue to see a further reduction of \$321 million in overall debt during the FY24-28 spending Cap period.

Mr. Durkin concluded the presentation with a brief summary of the topics presented, and noted that the \$1.8 billion projected cost of the Metropolitan Water Supply Tunnel Program was due to compounding inflation on top of the originally budgeted cost.

(Rev. White-Hammond left the meeting during the presentation.)

Chair Pappastergion complimented staff on an informative presentation. Mr. Jack Walsh asked if the cost to complete the Metropolitan Water Tunnel Program could exceed the projected amount. Mr. Durkin advised that staff do not know exactly what the cost is going to be yet, as there are a lot of design elements and locations still to be determined. He noted there is more uncertainty than there is certainty, but Ms. Murtagh's team is working hard and staff will know more as contracts are presented to the Board for approval. He noted that the current cost estimate was developed using the most accurate information currently available, and that factors such as inflation could potentially impact the final Program cost. There was brief, general discussion about rising costs and inflation. Mr. Walsh expressed concern regarding the potential for increased costs and encouraged a very close eye be kept on it.

Mr. Durkin briefly followed up on Mr. Walsh's question about edge switches during the earlier Delegated Authority discussion. He reported that the edge switches had been expected to be delivered in January 2023, but had arrived early and were paid for in December 2022. (ref. VIII A.2)

Mr. Vitale asked for clarification on cost contingencies for non-tunnel vs. tunnel projects with regards to the proposed spending Cap. Mr. Durkin explained that the assumption of higher contingencies for underground projects was MWRA's standard practice due to the inherent uncertainties of underground work. Mr. Vitale asked if there were any arbitrage concerns as relates to MWRA bonds. Mr. Horan responded in the negative and explained that MWRA would not borrow the funds until they are needed. Mr. Vitale asked staff for an update on the amounts of MWRA's outstanding fixed and variable debt, and staff's forecast and strategy for balancing fixed and variable debt. Mr. Horan explained that MWRA held about \$4.4 billion in outstanding debt, of which \$435 million is variable, and noted that \$166 million of the variable debt is swapped to fixed. He further explained that including variable debt in MWRA's outstanding debt portfolio helps with defeasance and overall debt management. Mr. Vitale asked if there were any pipes with concerns within MWRA's systems that would be addressed in the FY24 CIP. Mr. Coppes explained that MWRA, like the Boston Water and Sewer Commission, ranks and radars its pipes and bases decisions to replace or rehabilitate them on the results of test pitting, metallurgical analysis, soil conditions and other factors. There was general discussion about pipe testing, ranking and rehabilitation.

Board Member Patrick Walsh asked if MWRA staff had reached out to contractors that didn't usually bid for MWRA jobs, and advised that many general contractors in the City of Boston could be interested in working on large MWRA projects. Mr. Coppes explained that many vertical construction contracts require DCAMM certified contractors, and that staff try to package projects so more can bid on them. But with all the work being done in the area, contractors are busy everywhere. Ms. Mercado added that soliciting bids for Chapter 149 projects has been challenging because the pool of qualified contractors is limited. She further explained that staff will continue to advertise and reach out directly to contractors to try to solicit bids. Mr. Patrick Walsh asked if staff had contacted DCAMM on the issue. Ms. Mercado advised that staff could ask DCAMM if any contractors had tried to get certified, especially in the sewer and water system related certification categories, and whether MWRA could help qualify them to meet their standards.

(Mr. Foti and Ms. Wolowicz left the meeting during the discussion.)

Chair Pappastergion asked if there was further discussion or questions from the Board. Hearing none, he 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		

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
Peña		
Vitale		
J. Walsh		
P. Walsh		

(ref. VIII B.1)

CORRESPONDENCE TO THE BOARD

There was no Correspondence to the Board. (ref. IX)

OTHER BUSINESS

There was no Other Business. (ref. X)

ADJOURNMENT

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

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		
Peña		
Vitale		
J. Walsh		
P. Walsh		

The meeting adjourned at 3:07pm.

Approved: February 15, 2023

Attest:

 for

 Andrew M. Pappastergion, Secretary