

MASSACHUSETTS WATER RESOURCES AUTHORITY

Meeting of the Board of Directors

February 21, 2024

A meeting of the Massachusetts Water Resources Authority (“MWRA”) Board of Directors was held on February 21, 2024 at MWRA’s headquarters at Deer Island in Boston, and also via remote participation.

Chair Tepper presided from MWRA Headquarters. Board Members Flanagan, Foti, Pappastergion, Peña, Taverna, Jack Walsh and White-Hammond also participated From MWRA Headquarters. Board Member Vitale participated remotely. Board Members Patrick Walsh and Wolowicz were absent.

MWRA Executive Director Frederick Laskey; General Counsel Carolyn Francisco Murphy; Chief Operating Officer David Coppes; Deputy Chief Operating Officer Rebecca Weidman; Director of Finance Thomas Durkin; Director of Administration Michele Gillen; Special Assistant for Affirmative Action Patterson Riley; Director of Planning and Sustainability Stephen Estes-Smargiassi; Senior Program Manager, Engineering and Construction Kathleen Cullen; Procurement Director Douglas Rice; Risk Manager Paul Whelan; Senior Program Manager, Planning Michael O’Keefe; MIS Director Paula Weadick; Budget Director Michael Cole; Deputy Finance Director/Treasurer Matthew Horan; Energy Manager Kristen Patneaude; TRAC Director Matt Dam; Deputy Deer Island Treatment Plant Director Chad Whiting; Senior Program Manager, Environmental Monitoring David Wu; Associate Special Assistant for Affirmative Action Tomeka Cribb; IT Asset Management Analyst, Michael Curtis; Chief of Staff Katie Ronan; Associate General Counsels Angela Atchue, Kimberley McMahan and Kristen Schuler Scammon; and, Assistant Secretary Kristin MacDougall participated at MWRA Headquarters.

Vandana Rao, EEA, participated at MWRA Headquarters, and Matt Romero, MWRA Advisory Board, participated remotely.

Chair Tepper called the meeting to order at 1:02pm.

ROLL CALL

MWRA General Counsel Francisco Murphy took roll call of Board Members in attendance and announced that Board Member Vitale was participating remotely. The Chair announced that the meeting was being held at MWRA’s Headquarters 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. She also announced that individual roll call votes would be conducted after each motion was made and given an opportunity for discussion.

APPROVAL OF JANUARY 17, 2024 MINUTES

A motion was duly made and seconded to approve the minutes of the Board of Directors' meeting of January 17, 2024.

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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. I)

REPORT OF THE EXECUTIVE DIRECTOR

MWRA Executive Director Fred Laskey noted that former State Senator Linda Dorcena Forry delivered an inspirational talk as part of MWRA's Luchtime Speaker Series on February 13, 2024. He added that the March speaker will be Freddie Kay, President of the Women's Suffrage Celebration Coalition of Massachusetts, and invited Board Members to attend. Next, Mr. Laskey reported that MWRA received approximately \$220,000 in revenue for providing emergency backup water supplies to Cambridge while the city completed necessary system repairs in January. He then advised that the Healey-Driscoll administration had released the state's first Environmental Justice (EJ) strategy in February. He noted that the strategy document includes MWRA's EJ Plan and features a photo of the Nut Island Headworks' landscaped grounds, and thanked staff for their work. Next, he reported that MWRA had sold the Cleverly Court parcel at the Fore River Shipyard. Finally, Mr. Laskey provided a brief status update on the System Expansion studies for Quabbin Reservoir-area communities. (ref. III)

EXECUTIVE SESSION

Chair Tepper requested that the Board move into Executive Session to discuss Litigation, since discussing such in Open Session could have a detrimental effect on the litigating position of the Authority. She announced the planned topic for Executive Session was a discussion of strategy with respect to litigation. 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		
Foti		
Pappas		
Pena		
Taverna		
Vitale		
J Walsh		
White-Hammond		

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

*** EXECUTIVE SESSION ***

The meeting entered Executive Session at 1:07pm and adjourned at 1:39pm.

*** CONTINUATION OF OPEN SESSION ***

WATER POLICY AND OVERSIGHT

Information

Lead and Copper Rule Changes and Recommendations

Stephen Estes-Smargiassi, MWRA Director of Planning and Sustainability, presented an update on the EPA’s Lead and Copper Rule Changes and Recommendations. He began with a brief summary of the timeline of the EPA’s Lead and Copper Rule Improvements (“LCRI”). He explained that the Draft LCRI was issued in December 2023, and that the final is expected in October 2024, with an effective date in October 2027.

Mr. Estes-Smargiassi advised that the LCRI is more stringent than the current Lead and Copper Rule Revisions (“LCRR”). He noted that the LCRR requirements due by October 16, 2024, such as service line inventories; notices to every customer with service lines made of lead, galvanized metals, or unknown materials; and, 24-hour public notices if a community lead sample surpasses the Action Level, are still in effect. He further noted that the LCRI will supersede the LCRR, and includes additions, modifications and deferrals.

Next, Mr. Estes-Smargiassi discussed some key LCRI changes. He explained that the LCRI will require water systems to replace all lead service lines within ten years regardless of lead sampling results, and includes a Lead Action Level (“AL”) of 10 parts per billion (“ppb”), versus the current AL of 15ppb. He advised that MWRA and its customer communities are more likely to exceed the LCRI’s lower AL. He then described proposed changes to lead sampling and compliance calculation requirements. He explained that the LCRI proposes requirements for sampling at only homes with lead service lines (for systems that have any), and compliance calculations based on the higher result of first-liter and fifth-liter samples. Mr. Estes-Smargiassi advised that these changes will likely result in higher reported lead levels. He further advised that the LCRI proposes more stringent requirements for water systems that exceed the AL three times in five years, including additional public outreach, and the offering of water filters for all customers. He noted that MWRA will provide training on new LCRI requirements for customer communities.

Mr. Estes-Smargiassi then discussed how MWRA’s corrosion control treatment could be affected if the MWRA system exceeds the new, lower LCRI Lead Action Level. He explained that in the case of AL exceedances, MWRA could be required to re-optimize its corrosion control system, potentially with the addition of orthophosphate, at an estimated capital and operating expense of \$60-\$80 million over 20 years.

Mr. Estes-Smargiassi stressed that any changes to corrosion control treatment must be carefully considered and studied to avoid unintended consequences such as water distribution system disruption; taste, color and odor changes; associated public perception concerns; and, the implications of adding a nutrient to the wastewater treatment system. He noted that if MWRA adds orthophosphate corrosion control treatment, it would need to continue doing so even after all community lead service lines are replaced. He advised that the LCRI includes a provision that water systems can avoid corrosion control re-optimization if they replace all lead service lines within five years, at a rate of 20% per year, rather than 10% per year.

Next, Mr. Estes-Smargiassi presented MWRA lead sampling data, including system-wide 90% lead levels for fully-supplied communities since 1992 (with an AL of 15ppb) and 2023 sampling results (10.8 ppb system-wide, average). He noted that the 2023 results indicate that the lead levels for samples collected from homes with lead service lines are four times higher than those

from homes without them. He then advised that approximately 91% of MWRA system samples that exceeded that Lead AL in 2022 and 2023 were taken from sites with lead service lines, which suggests that lead service lines, rather than MWRA water chemistry, are the main sources of elevated lead levels at service-area taps.

Mr. Estes-Smargiassi then discussed MWRA's ongoing Lead Service Line Loan Program. He reported that MWRA has provided approximately \$41 million in loans to 17 customer communities since 2016, covering the cost to replace approximately 4,000 lead service lines. He then explained that approximately 15,400 lead service lines remain within MWRA communities, with an estimated total replacement cost of \$150 million. He noted that updated community lead service line replacement data will be available in October 2024.

Next, Mr. Estes-Smargiassi outlined ways that MWRA could help communities to accelerate lead service line replacement rates, thus avoiding unnecessary corrosion control treatment optimization, including adding a \$100 million Lead Service Line Loan Program phase and providing 25% grants to facilitate service line replacements on private property, at an estimated total cost of \$40 million. He advised that MWRA and customer communities must act quickly to complete the replacement of all service lines within the MWRA service area by the expected LCRI deadline (2033).

Board Member Pappastergion asked if the LCRI takes brass fittings into consideration. Mr. Estes-Smargiassi explained that the LCRI does not specify requirements for brass, and noted that MWRA data shows that brass does not appear to be a significant factor in sampled lead levels.

Mr. Laskey stressed the importance of making sound strategic decisions with regard to system-wide lead service line replacement. He advised that in his view, constructing new water treatment facilities and making major changes to MWRA's water chemistry would prove to be costly, and provide fewer public health benefits, than undertaking a more aggressive lead service line replacement schedule. He noted that the matter of lead service line replacement versus corrosion control treatment optimization would be discussed further at a future Board meeting. Mr. Estes-Smargiassi added that under the LCRI, all lead service lines would need to be replaced within ten years whether MWRA re-optimized its corrosion control treatment or not. Chair Tepper requested clarification on the \$150 million estimate for system-wide lead service line replacement. Mr. Estes-Smargiassi explained that the figure represents costs to replace all MWRA-area service lines over a 10-year period, and does not include costs to build and operate a new corrosion control facility. Mr. Laskey noted that the potential ramifications of added corrosion control chemicals on MWRA's wastewater treatment plant discharges should also be considered.

Board Member White-Hammond asked if the addition of orthophosphate would change the

taste of MWRA drinking water, and advised that such a change could negatively impact customers' perceptions of their tap water. Mr. Estes-Smargiassi agreed, noting that re-optimizing MWRA's corrosion control treatment could also cause other negative impacts such as water discoloration, especially during the transition period. There was brief, general discussion about public perception of significant water treatment changes.

Mr. Pappastergion expressed concern about the complexity of replacing lead service lines on private property. Mr. Estes-Smargiassi explained that the previously-discussed 25% grant program for privately-owned lead service line replacement was developed to address such concerns. He noted that approximately half of the communities participating in MWRA's Lead Service Line Loan Program already provide full funding to replace privately-owned portions of lead service lines. He advised that communities that simplify the service line replacement process by directly funding the work and providing contractors have higher participation rates than communities that require property owners to engage their own contractors and request reimbursement. Finally, Mr. Estes-Smargiassi noted that MWRA and its water communities may eventually need to develop additional strategies to encourage any outlying holdouts to have the private portions of their lead service lines replaced.

Hearing no further discussion or questions from the Board, Committee Chair Vitale moved to Contract Awards. (ref. V A.1)

Contact Awards

Top of Shaft 5 Interim Improvements, R. Zoppo Corp., Contract 7671

A motion was duly made and seconded to approve the award of Contract 7671, Top of Shaft 5 Interim Improvements, to the lowest responsible and eligible bidder, R. Zoppo Corp., and to authorize the Executive Director, on behalf of the Authority, to execute said contract in the bid amount of \$5,361,500, with a contract term of 913 calendar days from the Notice to Proceed.

Kathleen Cullen, Senior Program Manager, Engineering and Construction, discussed a proposed contract award for Top of Shaft 5 Interim Improvements in Weston. She explained that this project was part of MWRA's wider effort (the Metropolitan Redundancy Interim Improvements Program) to improve and protect critical facilities related to the existing water tunnel system at nine shaft locations in Weston, Newton, Brighton, Malden, Boston College, Chestnut Hill, Dorchester and Somerville. She noted that this program is intended to reinforce the water system at points that will continue to lack redundancy until the Metropolitan Water Tunnel Program is complete, and presented a brief progress update. She explained that the program work is designed to take place without taking the MWRA water system out of service, and added that staff will discuss the Metropolitan Redundancy Interim Improvements Program further at a future Board meeting.

Next, Ms. Cullen described the scope of the Top of Shaft 5 Interim Improvements project. She showed examples of work to be performed, such as corrosion protection, bolt replacement and waterproofing at multiple valve vaults, and the decommissioning of an abandoned underground pump room to prevent potential leaks. She advised that this project presents significant challenges such as labor-intensive activities in confined spaces 400-feet below surface, and the need to restrict work during the summer peak water demand period due to the lack of redundancy.

Finally, Ms. Cullen summarized the contract's procurement process. She reported that the recommended contractor, R. Zoppo Corp. ("Zoppo"), had submitted the lowest bid, which came in under the Engineer's Estimate.

There was brief, general discussion about the Engineer's Estimate and the difference between Zoppo's bid price versus those of the two other bidders. Ms. Cullen noted that Zoppo's bid was lower because Zoppo will not use a tunnel subcontractor. She added that Zoppo's approach aligned with the assumptions in the Engineer's Estimate. There was brief, general discussion about the contract's scope, the required engagement of a tunnel rescue team, the contract cost, and the nut and bolt removal process.

Rev. White-Hammond expressed concern that Zoppo's bid price was lower than the Engineer's Estimate and significantly lower than the two other bids received. Ms. Cullen explained that Zoppo's performance of the work without a tunnel subcontractor was a significant factor in the lower bid price. Board Member Taverna requested more information about the project's Design Engineer. Ms. Cullen explained that the design firm was Hazen and Sawyer.

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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. V B.1)

ADMINISTRATION, FINANCE AND AUDITInformationDelegated Authority Report – January 2024

Douglas Rice, MWRA Director of Procurement, briefly discussed two items in the January 2024 Delegated Authority Report. He advised that the cost for Item C-6, Chestnut Hill and Weston Reservoir Dam Instrumentation (Piezometers) Installation should read “(\$38,707.50)”; and noted that item P-4, Purchase Order for Security Network Systems Administrator II Consultant (State Contract ITS77 Category 1A and 1B) was the companion contract for a security equipment and maintenance repair services contract that was awarded in November 2023 (ref. VI B.1, November 15, 2023).

Board Member Vitale requested more information about the non-selected bids received for Item C-4, Insurance Consulting Services – Task Order Contract, and Item C-12, Actuarial Services Related to Compliance with GASB No. 74 and 75. Paul Whelan, MWRA Risk Manager, advised that one non-selected bid for Item C-4 was received (from USI Insurance Services). He explained that USI’s bid was deemed non-responsive because it was submitted on a lump sum, rather than hourly basis. He added that USI provides broker services. Thomas Durkin, MWRA Finance Director, advised that four non-selected bids were received for Item C-12, including the Siegel Group, Inc. (“Siegel”). Mr. Vitale asked why Stone Consulting, Inc. (“Stone”) was selected for Item C-12. Mr. Durkin explained that while Siegel is well-qualified and does excellent work for MWRA on other contracts, their bid price for this contract was significantly higher than Stone’s.

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

FY2024 Second Quarter Orange Notebook

Michael O’Keefe, MWRA Senior Program Manager, Planning, summarized key highlights of MWRA’s Second Quarter Orange Notebook for FY2024. He reported that while staffing levels remained below target, hiring rates had increased in the second quarter (“Q2”). He added that staffing-related performance indicators that had not met targets for several quarters had met their goals in Q2. Next, Mr. O’Keefe advised that historically high precipitation levels and associated Deer Island flows had subsided to below-average levels overall in Q2, despite a few very intense storms in December, 2023. Finally, Mr. O’Keefe reported that the number of positive community total coliform test results had decreased substantially in Q2, and that there were no positive E. coli community test results in that timeframe.

Hearing no discussion or questions from the Board, Mr. Foti moved to the next Information item. (ref. VI A.2)

FY24 Financial Update and Summary through January 2024

Mr. Durkin reported that FY24's financial trends continued through January. He advised that budgetary challenges related to wages and salaries continued due to lagging full-time equivalent ("FTE") counts. He noted that chemical costs increased at a lower than anticipated rate in January, attributable to stabilizing inflation rates. Mr. Durkin relayed variable interest rates continued to be volatile in January 2024. He noted that variable rate volatility can be managed by balancing the associated debt cost increases with higher variable rate earnings on assets. He added that MWRA's investment income was higher than estimated due to rising money market rates. Finally, Mr. Durkin reported that MWRA's Capital Improvement Plan ("CIP") was within the range of historical precedent at 17.4% underspent, and that the Current Expense Budget ("CEB") was progressing well.

Mr. Jack Walsh requested more information about a \$1.1 million line item for computer hardware presented in Attachment 2 of the Staff Summary for this agenda item. Paula Weadick, MWRA MIS Director, explained that those expenditures were mostly for the replacement of all printers, and for the procurement of new audio/visual equipment used for remote meetings at multiple worksites.

(Mr. Peña temporarily left the meeting, and Chair Tepper briefly left and returned to the meeting during the discussion.)

Hearing no further discussion or questions from the Board, Mr. Foti moved to the next Information item. (ref. VI A.3)

Fiscal Year 2024 Mid-Year Capital Improvement Program Spending Report

Mr. Durkin reported that the FY2024 CIP was 17.4% underspent overall through January, 2024. He noted that the CIP is historically 24%-27% underspent at the end of the fiscal year.

Mr. Vitale asked Mr. Durkin to discuss hypothetical rate impacts of reducing the CIP budget, noting a continued pattern of CIP underspending. Mr. Durkin explained that the CIP is designed to document MWRA's needs and aspirational goals, and that the CIP is a tool for communicating MWRA's plans and priorities with stakeholders. He further explained that MWRA's community assessments are mostly driven by debt service, and that MWRA limits borrowing so as not to borrow more or sooner than necessary. Mr. Vitale briefly discussed the Boston Water and Sewer Commission's budget, investment and bond issuance methodologies, and their impacts on rates. Mr. Durkin briefly described the purpose of MWRA's Current Revenue for Capital budget line item, the need to balance debt costs and revenue to control community assessments, and the principles of pay-as-you-go capital and generational equity. Finally, Mr. Durkin noted that the Staff Summary for the FY2024 Mid-Year Capital Spending Program Report includes detailed information and analysis of CIP spending.

Hearing no further discussion or questions from the Board, Mr. Foti moved to the next Information item. (ref. VI A.4)

FY2024 Community Assessment Adjustments

Mr. Durkin described how community assessment adjustments are calculated using community meter data, and advised that MWRA Metering staff had discovered an inaccuracy in CY2022 sewer metering data for Somerville during a routine quality assurance review. He explained that the discrepancy was subsequently investigated and validated, resulting in the issuance of a \$351,687 reduction in Somerville's FY2024 sewer assessment, which will be applied to the City's FY2025 assessment. Mr. Durkin further explained that assessment adjustments due to the revised sewer flow shares will also be applied to FY2025 assessments for MWRA's other sewer communities.

Hearing no discussion or questions from the Board, Mr. Foti moved to the next Information item. (ref. VI A.5)

Preliminary FY25 Water and Sewer Assessments

Mr. Durkin summarized MWRA's water and sewer assessment strategy, and advised that staff are recommending a 3.0% combined increase for wholesale water and sewer charges in FY2025. He noted that the 3.0% increase is lower than June 2023's budget projection of 3.4%, partly due to the stabilization of inflation. Mr. Durkin referred Board Members to the Staff Summary for this agenda item, which includes more detailed information about FY25 Preliminary Assessments for each member community.

(Mr. Peña returned to the meeting during the summary.)

Mr. Vitale asked how much of the 3.0% increase in MWRA's annual rate revenue requirement is due to inflation. Mr. Durkin explained that nearly 60% of MWRA's budget is allocated for debt service. He further explained that inflation and interest rates have more impact on direct expenses, such as wages, salaries and chemicals, than on debt service.

Hearing no further discussion or questions from the Board, Mr. Foti moved to Approvals. (ref. VI A.6)

Approvals

Transmittal of the FY25 Proposed Current Expense Budget

A motion was duly made and seconded to approve the transmittal of the FY25 proposed Current Expense budget to the MWRA Advisory Board for its 60-day review and comment period.

Mr. Durkin briefly summarized MWRA's annual budget cycle, and noted that it is part of a

continuous, multi-year strategy.

Michael Cole, MWRA Budget Director, presented highlights of MWRA's Proposed CEB for FY2025. He began with an overview of the CEB budget structure. He reported a preliminary increase of 1.5% for direct expenses, driven by costs for chemicals, wages, salaries and maintenance. He noted that FY2025 direct expenses were offset by approximately 30% in savings for chemicals, due to ongoing price stabilization since June 2023. Mr. Cole then discussed the preliminary budget for indirect expenses (a 5.3% increase due to pension, reserve changes and watershed reimbursement). He explained that the preliminary FY2025 CEB includes an additional \$7.7 million for pensions in anticipation of the 2030 full-funding deadline. He advised that staff had removed a vacancy adjustment for watershed reimbursement because the Department of Conservation and Recreation's watershed staffing level had recently reached 149 of its budgeted 150 FTEs.

Next, Mr. Cole discussed the preliminary budget for debt service, noting a proposed 3.6% increase driven by the structure of new and existing debt. He then presented historical rates and preliminary rate projections for FY2025 on a combined basis (+3.0%), and by utility (+3.9% for water, +2.5% for wastewater). He noted that the FY2025 preliminary rates reflected an overall decrease from what was projected when the FY24 budget was finalized and approved in June 2023. Finally, he summarized the next steps of the MWRA budget review and approval process.

Hearing no 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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. VI B.1)

Approval of the Eighty-Seventh Supplemental Bond Resolution

A motion was duly made and seconded to adopt the Eighty-Seventh Supplemental Resolution authorizing the issuance of up to \$85,000,000 of Massachusetts Water Resources Authority

Subordinated General Revenue Bonds and the supporting issuance resolution.

Matthew Horan, MWRA Deputy Director of Finance/Treasurer advised that staff sought Board authorization to borrow \$85 million from the State Revolving Fund (SRF). He explained that the Massachusetts Clean Water Trust (“Trust”) offers subsidized SRF loans at 2.15% interest, which is lower than market rates. Mr. Horan noted that MWRA and its ratepayers are expected to save approximately \$80 million in interest over the life of all loans with the Trust, which supports MWRA’s overall debt reduction strategy. He advised that if approved, this borrowing would allow MWRA to access remaining American Rescue Plan Act (“ARPA”) funds that have not yet been allocated. He noted that MWRA has received approximately \$3.4 million in ARPA funds to date, and could potentially receive an additional \$3 million in funding if the proposed borrowing is approved.

Mr. Vitale requested more information about the timeline for the proposed transaction. Mr. Horan explained that staff planned to execute an interim borrowing, followed by quarterly draws, and that the Trust is expected to issue permanent financing in October or November, 2024. Mr. Vitale then asked if recently announced federal funding for clean water and sewer infrastructure would impact MWRA. Mr. Horan explained that most of the federal clean infrastructure funds earmarked for Massachusetts will go to the Trust, which leverages those funds with state funding and distributes them through the SRF loan program. Finally, he added that the Trust could potentially apply some of the federal clean infrastructure funds to increased principal forgiveness, and advised that staff will keep Board Members updated as more details are released.

Mr. Jack Walsh requested clarification on the borrowing and bond authorization process. Mr. Horan briefly explained the steps.

Hearing no 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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. VI B.2)

Delegation of Authority to Execute a Contract for the Purchase and Supply of Electricity for the Deer Island Treatment Plant

A motion was duly made and seconded to authorize the Executive Director, on behalf of the Authority, to execute a contract for the supply of electricity to the Deer Island Treatment Plant with the lowest responsive and responsible bidder for the period and pricing structure determined by staff to be in MWRA's best interest, and for a contract supply term not to exceed 36 months. This delegation of authority is necessary because MWRA will be required to execute a contract within several hours of the price submission in a constantly changing market.

Kristen Patneau, MWRA Energy Manager, presented a proposal to execute a contract for the supply and delivery of electricity to the Deer Island Treatment Plant ("DITP"). She noted that MWRA has procured electricity in the competitive market since 2001, and that the largest electricity contract for DITP will expire in October 2024. She explained that staff sought approval for the delegated authority to competitively procure and execute a replacement contract. She advised that the delegated authority is needed due to the constantly changing market, which requires staff to execute the contract within hours of the price submission.

Next, Ms. Patneau presented an overview of MWRA's electricity contracts. She explained that the Deer Island account represents 68% of MWRA's total purchase load, and 52% of electrical expenses. She then discussed MWRA's Interval accounts for larger facilities such as the Carroll Water Treatment Plant and the Clinton Wastewater Treatment Plant. She noted that interval accounts represent 28% of MWRA's electrical purchase load and 41% of expenses. Further, she relayed that profile accounts for smaller facilities such as CSOs and headworks make up 3% of MWRA's load and 6% of expenses, and that 0.1% of MWRA's purchase load is for basic electric service provided by utilities, to power devices such as meters and motorized valves. She explained that there is currently no financial advantage to competitively procuring electricity for these devices, due to administration costs relative to low load size. Ms. Patneau stated MWRA facilities that are located within municipal light plant districts are not allowed to operate on competitively-supplied electricity.

Ms. Patneau then explained that the proposed delegated authority contract to competitively purchase electricity for DITP is part of MWRA's overall strategy to optimize the procurement of commodities. She advised that this strategy take the type, size, and operational characteristics of the facilities supplied by each type of account into consideration, and added that staggering the procurements, as well as their terms and durations, mitigates overall financial risk. Finally, Ms. Patneau commented that the proposed delegated authority contract under discussion reflects only the cost of energy supply, and that the non-negotiable delivery costs are determined by the regulated utilities.

Rev. White-Hammond requested the length of the proposed contract's term, and asked if MWRA could pursue higher levels of renewable electricity supplies. Ms. Patneau responded that MWRA would seek bids for terms of one, two and three years. She advised that MWRA had historically purchased voluntary renewable energy certificates ("RECs"), and would suspend the practice for this contract because the voluntary REC market may be driving up the prices of the regular market, which impacts all stakeholders, and because the electrical grid is becoming greener regardless of the purchase of voluntary RECs. She added that MWRA staff sought guidance from state officials, who did not recommend the use of voluntary RECs to offset onsite greenhouse gas emissions versus investment in renewables that decrease onsite fossil fuel usage. Rev. White-Hammond suggested that the use of one, two, or three-year contracts may not provide enough leverage with respect to purchasing power for facilities that are expected to operate for decades, and that MWRA and other public entities could consider working collaboratively to maximize collective purchasing power. Ms. Patneau agreed and, also, noted that MWRA had historically bundled the purchase of voluntary RECs with its electricity supply contracts; however, staff subsequently discontinued this approach due to a lack of supplier competition. Chair Tepper relayed that the EEA is working to address the previously-discussed issues with respect to voluntary RECs, while also focusing on the development of concrete projects that promote renewable energy and decrease fossil fuel use. She welcomed future conversations with MWRA and other stakeholders to develop collective buying power strategies.

There was further, general discussion about voluntary RECs, MWRA's onsite renewable power generation capabilities, its program to sell self-generated power back to the grid, and the sale of green credits. Mr. Laskey noted MWRA's participation in ISO New England's demand response program to use onsite, off-grid power during times of peak demand, and the potential to generate and sell more electricity to the grid. Rev. White-Hammond encouraged staff to consider engaging in collaborative efforts to further advance renewable energy generation and grid transformation. Chair Tepper encouraged continued discussion on the matter in the future and thanked staff for their work on the purchase.

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		
Taverna		

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

(ref. VI B.3)

Contract Awards

Remarketing Agent for the 2008 Series A-1 and A-3: TD Securities (USA), LLC Raymond James & Associates Inc., Contract F275

A motion was duly made and seconded to authorize the Executive Director, pursuant to the Fifty-fourth Supplemental Resolution, to approve the recommendation of the Selection Committee for Raymond James & Associates, Inc. and TD Securities (USA) LLC to provide remarketing services for 2008 Series A-1 and 2008 Series A-3 Multi-Modal Subordinated General Revenue Refunding Bonds, respectively, and to award successor contracts.

Mr. Horan advised that staff sought to engage new bond remarketing agents because one of its current agents with two series, Citigroup, had announced that they are exiting the municipal business and would no longer provide tax-exempt bond underwriting and remarketing of variable rate bonds. He summarized the procurement process for the new remarketing agents. Finally, he noted that 12 proposals were received, and that TD Securities (USA) LLC and Raymond James & Associates, Inc. were the recommended vendors.

In response to a question from Mr. Jack Walsh, Mr. Horan described the bond remarketing process. There was brief discussion about the process. Mr. Vitale requested more information about the number of remarketing agents engaged by MWRA and their allocations, as well as the number and allocations of liquidity banks. Mr. Horan explained that MWRA engages six remarketing agents. He noted that most of the agents have a 13% allocation, with one at 28%, which is held over from 2008. He further explained that MWRA engages approximately four liquidity banks, and advised that he would provide more details at a later date.

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		
Taverna		

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

(ref. VI C.1)

WASTEWATER POLICY AND OVERSIGHT

Approvals

Amendments to the MWRA Regulations for Sewer Use

A motion was duly made and seconded to authorize the TRAC Director, on behalf of the Authority, to publish notice of proposed amendments to MWRA’s Regulations for Sewer Use (360 CMR 10.000), as outlined in the February 21, 2024 Staff Summary presented and filed with the records of this meeting, in the Massachusetts Register and newspapers for public comment. Staff will return to the Board for approval to adopt the amendments after public comments have been received.

Matt Dam, MWRA TRAC Director, requested Board approval to publish proposed Amendments to MWRA’s Sewer Use Regulations for public comment. He explained that the revisions include a 3% increase in permit and monitoring fees for FY2025-FY2029, and two amendments related to a CY2021 EPA audit. He briefly described the timeline and next steps of the public comment period. Lastly, Mr. Dam advised that staff would return to the Board for final approval on the amended regulations after the public comments are reviewed and addressed.

Mr. Jack Walsh requested more information about the proposed fee increases. Mr. Dam explained that while the proposed fee increases generally align with the rate of inflation, they may yield higher returns on the Industrial Pretreatment Program’s costs.

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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. VII A.1)

Contract Awards/Change OrdersOxygen Generation Facility Services - Deer Island Treatment Plant: Solutionwerks, Inc., Contract S587, Amendment 2

A motion was duly made and seconded to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to Contract S587, Oxygen Generation Facility Services, in the amount of \$250,000, increasing the contract amount from \$2,720,450 to \$2,970,450 and extending the contract by 183 calendar days, from April 18, 2024 to October 18, 2024.

Chad Whiting, MWRA Deer Island Treatment Plant Deputy Director, presented the reasons for a proposed amendment to an Oxygen Generation Facilities Services contract at DITP. He explained that the current contract with Solutionwerks, Inc. ("Solutionwerks") is about to expire, and the requested cost increase and time extension will allow Solutionwerks to continue providing services while MWRA procures a new Chapter 149 construction contract. He noted that the new contract will include added maintenance services and other work outside the scope of the existing contract.

Mr. Whiting then presented an overview of the Deer Island Oxygen Generation Facility, and advised that its operation and maintenance requires specialized personnel. He then discussed the facility's equipment and the oxygen generation process.

Next, Mr. Whiting presented the bidding history of MWRA's Oxygen Generation Facility Services contracts. He relayed the pool of qualified bidders was limited due to the specialized nature of the work. He further advised that Solutionwerks is unable to continue providing the required services after its current contract expires, due to staff retirements.

Mr. Whiting then explained that staff are procuring a new Oxygen Generation Facility Services contract under Chapter 149, to address maintenance needs and to widen the bidding pool. He briefly discussed the procurement strategy and scope of the Chapter 149 contract, which includes the inspection of a liquid oxygen tank, and the replacement of a critical programmable logic controller. Finally, Mr. Whiting noted that the Chapter 149 contract was advertised on February 17, 2024 and summarized the next steps for the procurement.

Board Member Peña asked if staff had analyzed the benefits of on-site oxygen generation versus purchase. Mr. Whiting responded in the affirmative. He noted that DITP uses approximately 120 tons of oxygen per day, which depletes its 1,000 ton on-site storage capacity quickly. He explained that on-site generation produces a more stable oxygen supply and reduces the significant truck traffic through neighboring communities that would be required if the oxygen were purchased, as well as the associated costs of oxygen procurement and delivery. Mr. Jack Walsh requested more information on existing maintenance contract staffing. Mr. Whiting explained that one Solutionwerks specialist performs routine maintenance activities on-site one week per month, and approximately three specialists carry out a major

maintenance and inspection protocol twice a year.

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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. VII B.1)

Harbor and Outfall Monitoring, Benthic, Fish, and Shellfish Monitoring: Contract OP-401B, Normandeau Associates, Inc., Amendment 2

A motion was duly made and seconded to authorize the Executive Director, on behalf of the Authority, to approve Amendment 2 to Contract OP-401B, Harbor and Outfall Monitoring, Benthic, Fish and Shellfish Monitoring, with Normandeau Associates, Inc., to increase the contract amount by \$557,230.94 from \$1,940,812.40 to \$2,498,043.34 and to increase the contract term by one year, from November 1, 2024 to October 31, 2025.

David Wu, MWRA Senior Program Manager, Environmental Monitoring, requested Board approval for an amendment to a benthic, fish and shellfish monitoring contract for the DITP outfall, as required by the current EPA NPDES permit. He noted that this monitoring is not a requirement of the new Draft Permit issued by the EPA in May, 2023, and is not expected to be included in the Final Permit, which has not yet been issued. He then advised this monitoring will continue to be required until the Final Permit is issued, potentially in one year. Mr. Wu then described the duration and cost of the proposed amendment, which would extend Normandeau Associates, Inc.'s ("Normandeau") current contract through the Final Permit's anticipated issuance. Finally, Mr. Wu briefly discussed the history of the contract, noting that proposed Amendment 2 represents a 2.9% increase over the cost of Amendment 1, which was approved by the Board of Directors in November, 2022.

Board Member Taverna requested more information about the contract's deliverables. Mr. Wu explained that Normandeau produces several reports per year, as well as submits data used for additional analysis as necessary. There was brief, general discussion about the anticipated

exclusion of benthic, fish and shellfish monitoring requirements in the new Final Permit. Mr. Peña complimented staff on a published video of marine life near MWRA's Deer Island Outfall, and asked how often this video is taken. Mr. Wu explained that the video is taken annually, and that a new video for 2023 is being processed.

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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. VII B.2)

PERSONNEL AND COMPENSATION

Information

Reorganization of the Department of Environmental Quality

Rebecca Weidman, MWRA Deputy Chief Operating Officer, discussed a recommended reorganization of MWRA's Department of Environmental Quality ("ENQUAL"). She explained that the reorganization is designed to fulfill succession planning needs in response to the upcoming retirement of Betsy Reilley, MWRA ENQUAL Director, in July, 2024, and to address emerging, priority regulatory matters in the upcoming years. Further, Ms. Weidman relayed staff's recommendation that ENQUAL be broken into two departments: a Department of Environmental Quality to focus on wastewater issues, and a Department of Water Quality to focus on drinking water concerns.

Mr. Peña asked how many positions would be changed as a result of the reorganization. Ms. Weidman confirmed one new position would be created. Mr. Taverna and Rev. White-Hammond complimented Dr. Reilley on her outstanding performance as ENQUAL Director, and thanked her for her many contributions to MWRA. Board Members and meeting participants echoed their remarks and wished Dr. Reilley well.

Hearing no further discussion or questions from the Board, Committee Vice Chair White-Hammond moved to the next Information item. (ref. VIII A.1)

Diversity, Equity and Inclusion Update

Michele Gillen, MWRA Director of Administration, discussed the importance of Diversity, Equity and Inclusion (“DEI”) at MWRA, and thanked Board Members for their support of staff’s DEI efforts.

Next, Patterson Riley, MWRA Special Assistant for Affirmative Action, highlighted progress made on staffing goals during the second quarter of FY2024, as discussed in the earlier Orange Notebook presentation (ref. VI A.2), and noted that DEI is a key component of MWRA’s recruitment and retention strategy. Mr. Laskey complimented MWRA’s DEI Workgroup and noted that in his view, promoting DEI in the workplace is a rewarding endeavor. Ms. Gillen agreed, adding that new hires have offered positive feedback on MWRA’s DEI program. Mr. Laskey described the successes and benefits of MWRA’s programs for mentoring, training, internships and community employer partnerships. Tomeka Cribb, MWRA Associate Special Assistant for Affirmative Action, added that the community employer partnerships subcommittee was established to complement existing recruitment and retention efforts, and discussed recent initiatives, including hosting MWRA’s first STEM Fair as part of Massachusetts STEM week; and partnerships with Boston Green Academy, other local high schools and tech vocational schools such as Madison Park.

Rev. White-Hammond expressed appreciation for these initiatives, recognized the positive results of MWRA’s sustained DEI efforts over time, and discussed the ongoing challenges of attracting new workers to the water and wastewater industries. Mr. Foti echoed Rev. White-Hammond’s remarks, and stressed the importance of promoting public service careers for younger workers. Rev. White-Hammond suggested that MWRA advertise its positive impacts with regard to climate change to recruits, and thanked MWRA staff for their work. (ref. VIII A.2)

Approvals

Approval of the 2024 Affirmative Action Plan

A motion was duly made and seconded that the Board of Directors approve the Massachusetts Water Resources Authority’s Affirmative Action Plan effective for a one-year period from January 1, 2024 through December 31, 2024.

Mr. Riley invited questions from the board members concerning MWRA’s Affirmative Action Plan for CY2024. He briefly discussed MWRA’s ongoing staffing challenges related to COVID. He noted that the recruitment and retention improvements shown in FY2024 Q2 reflect staff’s hard work and the value of DEI efforts.

Rev. White-Hammond encouraged staff to continue this positive momentum, and to invest in the development of a two or three-year Affirmative Action Plan. Mr. Vitale asked staff if they considered a Sheltered Market Program. Ms. Francisco Murphy discussed staff’s recent review

of the Sheltered Market Program provisions, a statutory program under c. 30B to make available certain contracts to MBE and WBE firms; and noted awareness of Boston's program and the City of Cambridge's efforts to begin such a program. Mr. Vitale asked how MWRA is working to increase diversity among engineering staff. Mr. Riley responded that staff actively recruit through initiatives such as partnerships with local colleges and universities. Mr. Vitale requested more information about MWRA's efforts to increase its M/WBE participation for contractors. Mr. Riley explained that MWRA is conducting a disparity study to identify appropriate actions.

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		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. VIII B.1)

February 2024 PCR Amendments

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.

Ms. Gillen invited questions from Board Members.

Hearing no 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		
Taverna		
Vitale		

<u>Yes</u>	<u>No</u>	<u>Abstain</u>
J. Walsh		
White-Hammond		

(ref. VIII B.2)

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		
Foti		
Pappastergion		
Peña		
Taverna		
Vitale		
J. Walsh		
White-Hammond		

(ref. XI)

The meeting adjourned at 3:17pm.

Approved: March 13, 2024

Attest:

 for

Brian Peña, Secretary

LIST OF DOCUMENTS AND EXHIBITS USED

- Draft Minutes of January 17, 2024 MWRA Board of Directors' Meeting (ref. I)

- February 21, 2024 Staff Summary and Presentation – Lead and Copper Rule Changes and Recommendations (ref. V A.1)
- February 21, 2024 Staff Summary and Presentation – Top of Shaft 5 Interim Improvements, R. Zoppo Corp., Contract 7671 (ref. V B.1)
- February 21, 2024 Staff Summary – Delegated Authority Report – January 2024 (ref. VI A.1)
- February 21, 2024 Staff Summary – FY2024 Second Quarter Orange Notebook
- February 21, 2024 Staff Summary – FY2024 Financial Update and Summary through January 2024 (ref. VI A.3)
- February 21, 2024 Staff Summary – FY2024 Mid-Year Capital Improvement Program Spending Report (ref. VI A.4)
- February 21, 2024 Staff Summary – FY2024 Community Assessment Adjustments (ref. VI A.5)
- February 21, 2024 Staff Summary – Preliminary FY25 Water and Sewer Assessments (ref. VI A.6)
- February 21, 2024 Staff Summary and Presentation – Transmittal of the FY25 Proposed Current Expense Budget (ref. VI B.1)
- February 21, 2024 Staff Summary – Approval of the Eighty-Seventh Supplemental Bond Resolution (ref. VI B.2)
- February 21, 2024 Staff Summary and Presentation – Delegation of Authority to Execute a Contract for the Purchase and Supply of Electricity for the Deer Island Treatment Plant (ref. VI B.3)
- February 21, 2024 Staff Summary – Remarketing Agent for the 2008 Series A-1 and A-3: TD Securities (USA), LLC Raymond James & Associates Inc., Contract F275 (ref. VI C.1)
- February 21, 2024 Staff Summary – Amendments to the MWRA Regulations for Sewer Use (ref. VII A.1)
- February 21, 2024 Staff Summary and Presentation – Oxygen Generation Facility Services - Deer Island Treatment Plant: Solutionwerks, Inc., Contract S587, Amendment 2 (ref. VII B.1)
- February 21, 2024 Staff Summary – Harbor and Outfall Monitoring, Benthic, Fish, and Shellfish Monitoring: Contract OP-401B, Normandeau Associates, Inc., Amendment 2 (ref. VII B.2)
- February 21, 2024 Staff Summary – Reorganization of the Department of Environmental Quality (ref. VIII A.1)
- February 21, 2024 Staff Summary – Diversity, Equity and Inclusion Update (ref. VIII A.2)
- February 21, 2024 Staff Summary – Approval of the 2024 Affirmative Action Plan (ref. VIII B.1)
- February 21, 2024 Staff Summary – February 2024 PCR Amendments

Documents used for this meeting and cited in these minutes, including the documents and exhibits referenced above, are posted on MWRA's website:

<https://www.mwra.com/02org/html/bodmtg.htm>