



*Established*  
*1996*

## SPRINGFIELD WATER AND SEWER COMMISSION

POST OFFICE BOX 995  
SPRINGFIELD, MASSACHUSETTS 01101-0995  
413-452-1300

## SPRINGFIELD WATER AND SEWER COMMISSION

### Minutes of Meeting

**November 14, 2019**

The Springfield Water and Sewer Commission held a meeting at the John J. Lyons Administration Building, Agawam, MA, on November 14, 2019.

Chairwoman Vanessa Otero called the meeting to order at 9:07 a.m. and Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, Not Present  
Daniel Rodriguez, Present  
Vanessa Otero, Present

Also Present

Joshua Schimmel, Executive Director  
Norman J. Guz, Commission Counsel  
Anthony Basile, Comptroller  
Domenic Pellegrino, Director of Finance  
Bob Stoops, Chief Engineer  
James Laurila, Director of Water Operations  
Bill Fuqua, Director of Wastewater Services  
James Richardson, Director of IT  
Daniel DiRienzo, Director of Field Services  
Stephanie Douglass, Human Resources Manager  
Bruce Leiter, Attorney for the Commission  
Tanya Campbell, Melanson Heath Auditors  
Nicole Sanford, Water Resources Manager  
Scott Loomis, Procurement Manager  
Jaimye Bartak, Communications Manager/Secretary of the Commission

### **Business Matters**

1. Approve the minutes of the meeting held on October 7, 2019, without reading, because copies were furnished to each member of the Commission for their review.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO  
VOTED UNANIMOUSLY:**

to approve the minutes of the meeting held on October 7, 2019, without reading, because copies have been furnished to each member of the Commission for their review.

2. Approve the minutes of the executive session held on October 7, 2019, without reading, because copies were furnished to each member of the Commission for their review.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:**

to approve the minutes of the executive session held on October 7, 2019, without reading, because copies have been furnished to each member of the Commission for their review.

3. Approve the minutes of the meeting held on October 17, 2019, without reading, because copies were furnished to each member of the Commission for their review.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:**

to approve the minutes of the meeting held on October 17, 2019, without reading, because copies have been furnished to each member of the Commission for their review.

**New Business**

4. Annual Audit: Report by Melanson Heath.

Tanya Campbell of Melanson Heath Accounting presented results of the FY19 audit. There were no significant changes in terms of financial standing or financial policies. This is the 7<sup>th</sup> year of submitting a CAFR. The CAFR is to be submitted by December 31, with certification taking place within six months.

Ms. Campbell referred to the statement of net position, which is similar to a balance sheet and includes S&P rating review, net pension liability, and non-current liabilities. The net OPEB liability was approximately \$24.6 million, an increase of about \$2 million over the prior year. The change was due to the discount rate (the difference between investment ROI and the municipal bond rate). The municipal bond rate was 3.8% in FY18, and dropped to 3.1% in FY19, which changed the discount rate to 3.4% this year. That small discount change can have a large effect on liability, even though more money was deposited into the OPEB account. The liability will fluctuate less the more funded the OPEB trust becomes.

Commissioner Otero asked about the annual input into the OPEB fund. Comptroller Tony Basile responded that there is \$3.2 million in the OPEB trust fund now, and approximately \$.5 million is deposited each year. It will take time before the input will overcome the discount rate. Ms. Campbell added that S&P is very focused on OPEB now, much more than a few years ago. Mr. Basile commented that it is understood that the Commission is ahead on this front, with OPEB approximately 15% funded.

Ms. Campbell reported on the net pension liability. There was just over \$73 million in liability in FY19, which represents a share of the City of Springfield's unfunded liability, which increased \$4 million since last year. The Commission's share of that liability increased from 8% to 8.1%. The funded percentage went down as well, which will be considered in the bond rating process.

Mr. Basile noted that the City has changed actuarial assumptions many times for the purpose of long-term stability, and that internally the City is doing all the right things. Every time the discount rate drops, the City's liability increases.

Ms. Campbell continued that S&P's rating review discussed the fact that the Commission will be hiring someone to focus on cybersecurity threats, which has become a priority issue for S&P. Ms. Campbell noted that the Department of Homeland Security offers assistance in the form of reviews for governmental agencies of cybersecurity threats. Commissioner Otero added that Baystate has a sophisticated cybersecurity model, demonstrating that there is expertise in the area. Mr. Schimmel noted that the Commission is a member of Water ISAC, and staff have attended DHS and EPA seminars and workshops in order to keep pace with current cybersecurity threats and strategies.

5. Financial Update: Report by Comptroller.

Mr. Basile reported that there was \$88.7 million in cash at the end of October. There was a decrease of \$5.4 million in the first four months due to front-ended expenditures.

The operating budget is tight this year. A total of 98% will be expended. There will be a shortfall on the revenue side, which will be offset by unexpended appropriations. Overall the year will break even.

There is approximately \$142 million of unexpended but approved projects on the books. The revenue budget will collect \$85.5 million, which is \$1.3 million less than anticipated due to wholesaler true-ups and decreased usage.

Commissioner Otero asked if \$1.3 million was dedicated for personnel. Mr. Basile responded that there was now a vacancy factor incorporated into the budget for personnel.

Mr. Basile continued that the November financials will look different due to the upcoming \$20 million in bond proceeds and \$4 million that will be added to the stabilization fund.

There was \$4.5 million in outstanding receivables, with just over \$1 million over 60 days old. There is just under \$45.5 million in assets and \$381.5 million in liabilities.

6. Consideration of Utility Billing Credit Summary and Summary of Accounts Receivable for October: Report by Director of Finance.

Director of Finance Domenic Pellegrino reported that there were net billings of \$7.7 million, and \$9.3 million in collections. There were 4,457 accounts with receivables over 60 days old, totaling just under \$1.1 million.

There were 60 accounts issued in the amount of \$12,433.04 for October.

Commissioner Otero asked why there was a shortfall in revenue. Mr. Pellegrino responded it was due to true-ups in cities and towns, and a decrease in estimated usage for July and August.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:** to approve credits in the amount of \$12,433.04.

7. Consideration of CIP Amendment 2020-14: Report by Director of Finance.

Mr. Pellegrino reported on a request to add a new CIP account and transfer funding from an existing project into that new account. Funding from watershed land acquisition would be moved to a different account to fund land acquisition near Colton Street. Mr. Schimmel explained that the funding is being moved because the Fontaine watershed property purchase fell through, and the Commission's offers for lots adjacent to the Operations Center were recently accepted.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:** to approve CIP Amendment 2020-14.

11. Consideration of Acceptance of Quitclaim Deed from City of Springfield for the purchase of ES Eastern Avenue (Parcel-ID #04325-0158) and of NS King St. f/k/a 278 King Street (Parcel-ID #07295-0058): Report by Commission Counsel.

(Item taken out of order.)

Commission Counsel Norm Guz reported that there are two City-owned plots of land on Eastern Avenue and King Street. These properties are being considered in the context of a larger master plan for redevelopment of the Colton Street operations center. One of the properties would provide space for snow removal, parking, and other uses. Mr. Schimmel noted there is a currently an effort to clean up the Eastern Avenue corridor.

Mr. Guz reported that the Eastern Avenue property would be sold to the Commission by the City in the amount of \$30,000, while the King Street property would be sold for \$55,000. Commissioner Rodriguez questioned the \$55,000 appraisal. Mr. Guz replied that the lot is assessed at \$32,000, but the appraisal was commissioned by the City. Mr. Schimmel added that there is value in the adjacencies of the properties, and that the City offered the properties to the Commission before putting them to bid. If the properties were to be bid through tax title, conditions could be put on the property. Mr. Guz noted that the properties could be resold if they end up not being needed.

Commissioner Otero asked if there were any other City properties to be considered. Mr. Schimmel responded only properties that can be obtained free and clear are being considered, which excludes the MDCI building since it likely needs environmental remediation. Commissioner Otero commented that the higher price could reflect the higher value of the property to the Commission.

Mr. Guz mentioned that another appraisal could be obtained. But he noted that there is a benefit of the property given its proximity to the Operations Center. If additional properties are obtained for this purpose, it may increase property values in the area.

Commissioner Rodriguez noted that re-appraisals are common and additional information may influence the appraisal. Mr. Guz replied that the appraisal would have to go through the law department. Commissioner Otero asked whether the other Commissioners agreed that the higher cost reflects the higher value to the Commission. Commissioner Rodriguez responded that the appraisal value is different than the fair market value. Mr. Guz noted that this could set a precedent for higher real estate costs for the Commission in the future.

Mr. Schimmel responded that paying a higher price for a property that is key to the Commission's future plans may be worth it. The higher cost also may reflect the fact that the Commission is getting the first offer of the property. The purchase also creates a good relationship with the City. Commission Attorney

Bruce Leiter noted that the Commission received the York Street property at no cost, in addition to the ability to use areas beyond the lot for construction staging.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:** to approve the acceptance of the quitclaim deeds from City of Springfield for the purchase of ES Eastern Avenue (Parcel-ID #04325-0158) and of NS King St. f/k/a 278 King Street (Parcel-ID #07295-0058).

8. Consideration of S&P Rating Report for 2019 Series E Bond: Report by Director of Finance.

Mr. Pellegrino reported that S&P did not increase the Commission's bond rating, but maintained it at AA stable. The risks that S&P cited as facing the Commission are beyond the Commission's control, including the City's retirement system and the continued presence of Solutia.

Commissioner Otero asked whether the City's rating recently went up. Mr. Basile responded that it did. Mr. Guz added that the City's recently issued debt is backed by the state.

9. Consideration of Construction Contract of Bridges 1 & 2 at West Parish Filters: Report by Chief Engineer.

Chief Engineer Bob Stoops reported on a project for the construction of new bridges at West Parish Filters. Core studies conducted a year ago showed that the bridges do not meet today's standards. A NOI determined that a buried steel bridge would have the least impact at the site.

Commissioner Rodriguez asked what the life expectancy for the new bridge will be. Mr. Stoops replied 50 years. Ten bids were received, and Baltazar was recommended to receive the contract for \$875,000.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:** to approve construction contract of Bridges 1 & 2 at West Parish Filters.

10. Consideration of Work Order R-1702-17B-18 for Development of Indicative Design for Backwash Pumping Station and Clearwell Design-build RFP at West Parish Filters: Report by Director of Water Operations.

Director of Water Operations Jim Laurila reported on a proposed work order for the design of the new clear well. This contract would be for the preparation of indicative design drawings, which would be included in the RFP. The deliverables are 25% plans, 24 drawings, and an opinion of probable cost.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:** to approve Work Order R-1702-17B-18 for Development of Indicative Design for Backwash Pumping Station and Clearwell Design-build RFP at West Parish Filters.

12. Update on Water and Sewer Activities: Report by Executive Director.

Mr. Schimmel reported on a safety grant from the state that would be utilized for a variety of safety training to prevent industrial accidents. The grant is \$25,000.

**UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO**

**VOTED UNANIMOUSLY:** to authorize the executive director to accept the safety grant in the amount of \$25,000.

Mr. Schimmel handed out CIP quarterly summaries, and asked Commissioners to review them and present any questions that may arise.

Mr. Schimmel responded to a previous question by Commissioner Leonard about the Commission's net energy position. Based on financial information, the Commission consumed \$3.5 million in energy, and generated \$4.5 million in income from the power plant. Commissioner Rodriguez recommended finding similar statistics for kilowatt hours.

Mr. Schimmel reported that two upcoming new hires would be starting in December and February.

Mr. Stoops reported on the Westfield private wells project. Treatment systems are currently being installed in the homes where needed. The Provin Mountain tanks project is also underway. The tanks have been drained and the transmission line to tank 1 has been lined and welded. The design of water distribution and sewer collection maintenance projects will continue over the winter.

Human Resources Manager Stephanie Douglass reported that she attended a career fair at STCC a couple of weeks ago. A few potential future candidates were identified. Year-end data collection is her current focus.

Director of Field Services Dan DiRienzo reported that flushing was ongoing city-wide until the end of the season. New water mains are being installed on Springfield Street, Farnsworth Street, and Hamburg Street, trying to beat the moratorium. Cross-connection inspections are on-schedule. Mr. Guz commended the crews working on the Springfield Street water main replacement project for maintaining a clean worksite and doing difficult work in tough conditions.

Mr. Laurila reported that emergency response plans were being updated to meet new EPA requirements. Hiring processes are ongoing for West Parish Filters and Borden Brook. The pilot plant is proceeding well, and so far the data is indicating different results than typically seen in other New England water supplies. Cobble Mountain Reservoir is at approximately 71% capacity.

Mr. Basile reported that an annual evaluation of OPEB will be starting fairly soon.

Watershed Manager Nicole Sanford reported that monitoring of water supply properties is ongoing, with just over 5,300 acres monitored this year. A public access map of allowed and prohibited activities in the Little River watershed is under development. Logging continues at Ludlow Reservoir through the spring, and additional logging of hazard trees will take place along the trail. There is an upcoming meeting with Fish & Wildlife about conservation restrictions that they hold for our property at Ludlow Reservoir.

Director of Wastewater Operations Bill Fuqua reported that the fifth and final addendum for the RFP is anticipated soon. Proposals for the wastewater operating contract are due December 6. The York Street project is very active, with excavation and concrete-form work upcoming next. The goals for MBE/WBE are 4.2% and 4.5%. The CMAR is expected to contract at 4.6% for MBE and 5.6% for WBE. There is a 8% goal for local workforce participation, which is currently at 48%.

Director of IT James Richardson reported that the GIS group presented at the Northeast ARC Users Group conference about the water service line mapping project. The remote access desktop and virtualization process is at the mid-way point. The project will replace traditional computer stations with smaller machines, leading to a reduced carbon footprint. A new email protection system is looking at the origination of email to determine whether or not it is legitimate. The first month of cybersecurity awareness training started this month. Commissioner Rodriguez noted that S&P was impressed with the Commission's cybersecurity efforts.

Mr. Pellegrino reported that the Commission has closed on its revenue bond.

The next meeting was scheduled for Wednesday, December 18, 2019, at 9 AM.

13. Consideration and/or action on any other matters that may come before the Commission at this meeting.

**AT 10:32 AM UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND SECONDED BY COMMISSIONER OTERO, THE COMMISSIONERS VOTED UNANIMOUSLY to enter into executive session to discuss the 42" bypass transmission main project. It was determined that holding the discussion in public session could be detrimental to the Commission's position in potential litigation. It was announced that public session will not resume at the end of executive session.**

  
\_\_\_\_\_  
Jaimye Bartak, Secretary

