



Established

1996

SPRINGFIELD WATER AND SEWER COMMISSION

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SPRINGFIELD WATER AND SEWER COMMISSION

Minutes of Meeting

May 23, 2019

The Springfield Water and Sewer Commission held a meeting at the John J. Lyons Administration Building, Agawam, MA, on May 23, 2019.

Chairman Daniel Rodriguez called the meeting to order at 9:00 a.m. and Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, 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
Dan DiRienzo, Director of Field Services
Bill Fuqua, Director of Wastewater Services
Nicole Sanford, Water Resources Manager
James Richardson, Director of IT
Scott Loomis, Procurement Officer
Bruce Leiter, Attorney for the Commission
Larry Griffin, Water Distribution Manager
Jaimye Bartak, Communications Manager/Secretary of the Commission

Business Matters

1. Approve the minutes of the meeting held on April 23, 2019, without reading, because copies were furnished to each member of the Commission for their review.

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO

VOTED UNANIMOUSLY: to approve the minutes of the meeting held on April 23, 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 April 23, 2019, without reading, because copies were furnished to each member of the Commission for their review.

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO

VOTED UNANIMOUSLY: to approve the minutes of the meeting held on April 23, 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 April 24, 2019, without reading, because copies were furnished to each member of the Commission for their review.

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO

VOTED UNANIMOUSLY: to approve the minutes of the meeting held on April 24, 2019, without reading, because copies have been furnished to each member of the Commission for their review.

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

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO

VOTED UNANIMOUSLY: to approve the minutes of the meeting held on May 1, 2019, without reading, because copies have been furnished to each member of the Commission for their review.

Old Business

5. Consideration of O&M Amendment #3 – Transfer of Funds for OPEB: Report by Comptroller.

This item was tabled.

New Business

6. Appeal by Ms. Delores King-Scott, 565-567 Wilbraham Road, Springfield.

Ms. King-Scott, owner of 565-567 Wilbraham Road in Springfield, participated in the meeting from her home in Florida via telephone. Ms. King-Scott requested an extension to her payment plan with lower payments since she considered the current payment plan payments too high. Communications Manager/Appeals Officer Jaimye Bartak reported that Ms. King-Scott had defaulted on previous payment plans, including the last one agreed to by her in the fall of 2018, which led to a demand notice and scheduled shut-off. A final payment plan was offered with the condition that one missed payment will lead to an immediate shut-off the following business day.

7. Financial Update: Report by Comptroller.

Comptroller Anthony Basile reported that there was \$90.4 million in cash. Of this, \$25.1 million represents working capital, while 28% is unrestricted.

The Operating Budget is currently projected to be spent at 97%. Currently year-to-date expenditures are at 85%.

There has been \$16 million spent of the capital budget, with \$118.2 remaining, most of which comprises the York Street Pump Station and Connecticut River Crossing project.

The Revenue budget is \$3.3 million more than estimated. Part of this is attributed to a mistaken calculation of power generation.

There was \$4.6 million in outstanding receivables. There was \$463 million in total assets and \$293 million in total liabilities.

Commission Counsel Norm Guz noted that he had not received notice of anyone contesting the bond resolution petition.

8. Consideration of Comptroller's Report for FY19: Report by Comptroller.

Mr. Basile reported on an internal audit report that is recommended by financial advisors. One of the recommendations is to move towards a certified budget document. The audit also noted that the purchase order system, and better controls over purchasing and purchase orders, have had a positive effect on the budget.

Areas of exploration in the report included the six on-call professional service engineering contracts due to past inconsistencies. There were 33 invoices analyzed and the hourly rate changes were consistent, and protocol was followed in approving invoices with the appropriate rates. Changes to key personnel and their rates are now requested annually.

The audit conducted various tests of transactions and concluded that all transactions and disbursements were authorized. Credit cards, IT purchases, fuel measurements, and petty cash were all audited.

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

Director of Finance Domenic Pellegrino reported net billings of \$5.5 million in April. There was a \$6.2 million in payments. The accounts receivable balance is over \$4 million. There are 6,027 accounts that are over 60 days old.

A total of 64 credits in the amount of \$9,869.17 were made in April.

UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO

VOTED UNANIMOUSLY: to approve the credits in the amount of \$9,869.17 as described to the Commission.

10. Consideration of DEP SRF Loan Application for Distribution System Asset Management (Authority to File): Report by Chief Engineer.

Chief Engineer Bob Stoops reported on a project for an assessment of the Commission's distribution system. The total project cost is \$262,000, and includes leak detection, main break history, age of mains,

and soil conditions to determine where system assets are at risk. A State Revolving Loan fund grant could cover 60% of the project; the grant requires a percentage match. This vote would allow the Commission to secure the grant.

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

Whereas, the Springfield Water and Sewer Commission, after thorough investigation, has determined that the work activity Water Distribution System Asset Management and Capital Improvements Plan is both in the public interest and necessary to protect the public health, and that to undertake this activity, it is necessary to apply for assistance; and Whereas the Department of Environmental Protection (MassDEP) and the Massachusetts Clean Water Trust (the Trust) of the Commonwealth of Massachusetts, pursuant to Chapter 21 and Chapter 29C of the General Laws of the Commonwealth (“Chapter 21” and “Chapter 29C”) are authorized to make loans to municipalities for the purpose of funding planning and construction activities relative to Water Pollution Abatement Projects; and Whereas, the Applicant has examined the provisions of the Act, Chapter 21 and Chapter 29C, and believes it to be in the public interest to file a loan application. Now, therefore, be it resolved by the Springfield Water and Sewer Commission as follows:

1. That Joshua D. Schimmel, Executive Director, is hereby authorized on behalf of the Applicant to file applications and execute agreements for grant and/or loan assistance as well as furnishing such information, data and documents pertaining to the applicant for a grant(s) and/or loan(s) as may be required; and otherwise to act as the authorized representative of the Applicant in connection with this application;
2. That the purpose of said loan(s), if awarded, shall be to fund construction activities.
3. That if said award is made the Applicant agrees to pay those costs which constitute the required Applicant’s share of the project cost.

11. Consideration of Inter-municipal Agreement for Collection System Improvements between the Town of East Longmeadow and the Springfield Water and Sewer Commission: Report by Chief Engineer.

Mr. Stoops reported that East Longmeadow has work to do on the border of East Longmeadow and Springfield. There is an interest for the Commission to work with East Longmeadow on this due to the close proximity of the projects. The Town will pay for their bidding process. East Longmeadow’s work will be advertised as a stand-alone cost.

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

to authorize the executive director to execute the Inter-municipal Agreement in the form presented between the Commission and East Longmeadow for improvements related to work in the Dwight Street area.

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

Mr. Schimmel reported that Mr. Pellegrino and Mr. Basile were awarded the Government Finance Officers Association Award again.

Commission Attorney Bruce Leiter reported that he was working with Suez on a final managed asset inventory for the closure of the old contract. This will re-create the evaluation of the condition of the equipment that was conducted at the start of the contract.

Director of Field Services Dan DiRienzo reported that the water quality group is working on flushing the system, and on water main upgrades on Ft. Pleasant and Plainfield Street. Cross-connection and backflow prevention inspections are on schedule.

Mr. Stoops reported that the 42" raw water main was under construction. The chemical bulk storage project was at 90% design, and the Colton Street water main project was waiting for final paving. The Hickory Street project is also under construction.

Director of Water Operations Jim Laurila reported that Cobble Mountain Reservoir is at 92% capacity. A new source water sampling project was under design, and it will include pre-sampling for disinfection byproducts. The next sampling date for disinfection byproducts is June 3. Two lab technicians and one process control position had also been filled.

Mr. Basile reported he was working on closing out the fiscal year and getting ready for a bond sale in the fall.

Director of Wastewater Operations Bill Fuqua reported that the CMAR contract is proceeding with the award of subcontractor contracts in mid-June. Mr. Fuqua is also coordinating with various team members on the request for proposals for the new wastewater operating contract.

Director of IT James Richardson reported that improvements were being made to the email system including moving email to the cloud, securing edge and infrastructure. He also planned to launch a cyber-security awareness campaign.

Mr. Schimmel thanked the Commissioners for participating in the York Street Pump Station groundbreaking. Mr. Schimmel shared a list of contracts he has signed in the recent month pursuant to his authority as executive director.

Mr. Schimmel shared that in the process of developing a new wastewater operating contract, there is a question as to whether a letter of credit is still of merit. Staff currently feel that a letter of credit is important and should not be eliminated, even though they are no longer common. Mr. Guz added that the letter of credit is valuable because it means funds are available if the contractor stops performing for some reason.

Mr. Leiter continued that he believed the letter of credit was a valuable tool. With an irrevocable letter of credit, if the contractor were defaulting on anything, the Commission could turn to the bank for funds. That move may be contested, but at that point, the money has already been transferred to the Commission.

Commissioner Leonard departed at 11 AM.

Mr. Guz reported that the letter of credit is with Credit Suisse Bank. Mr. Fuqua added that the terms of the letter of credit were 1.5 times the annual estimated \$10-\$21 million annual operating costs. Mr. Fuqua recommended the letter of credit remain but at a smaller value.

Commissioner Rodriguez asked what today's contracts include instead of letters of credit. Mr. Guz replied that they rely on bonds and the financial capacity of the company and their guarantees. But the contract is expensive, and depending on what the issue is, to cover it could mean taking out cash reserves.

Funding two months of operations through cash reserves helps, but the letter of credit gives the Commission access to the contractor's funds and changes discussions.

Mr. Schimmel noted that another area of concern in the new RFP is sludge disposal. The original contract did not have a line item for sludge disposal, so Suez's costs for sludge disposal are not being tracked. It is estimated that sludge disposal is approximately \$6 million of the \$12 million annual operating cost. Knowing the volatility of the market, on-site sludge disposal has been explored, but there are concerns with the odor, traffic, and the overall cost. The economics currently do not support it, but there are models where merchant sludge can make it cost-effective to finance building a facility. But no bidder is going to take a 20-year risk on sludge disposal in a contract, and the Commission does not want to overpay. Current discussions are to formulate sludge disposal as a pass-through cost.

Mr. Leiter added that the options include giving the Commission the costs for dealing with sludge for five or ten years. Asking for a price proposal is an advantage. A fixed five or ten year contract for sludge disposal puts the Commission in the best position considering the current market, which is much more limited than it was twenty years ago. Mr. Fuqua added that 5-10 years gives time to see where the market is headed and time to develop a facility if necessary. Costs are expected to increase and justify the expenditure, or to take advantage of another facility that is built nearby. Sludge was not an issue 20 years ago.

Commissioner Otero asked how Suez is dealing with the cost increases now. Mr. Leiter responded that they were able to shut down the sludge drier five years into the contract. Funding remaining from the sludge drier contract was then used to install centrifuges to further dry the sludge. Due to odor complaints in Maine, the ability to send as much sludge there has decreased, but outstanding trucking contracts currently protect them.

Mr. Schimmel reminded Commissioners that the FY20 budget presentation is June 5, 2019, at 6 PM.

The next Commission meeting will be held at 9 AM on Thursday, June 20, 2019.

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

None considered.

14. Consideration of Watershed Land Acquisition on Otis Stage Road, Blandford, MA: Report by Water Resources Manager.

AT 10:18 AM UPON MOTION DULY MADE BY COMMISSIONER OTERO AND SECONDED BY COMMISSIONER RODRIGUEZ, THE COMMISSIONERS VOTED BY ROLL CALL VOTE, Commissioner Rodriguez aye, Commissioner Otero aye, to enter into executive session to discuss potential land acquisition in Blandford. It was determined that holding the discussion in public session could be detrimental effect to the Commission's negotiating position. It was announced that public session will not resume at the end of executive session.



Jaimye Bartak, Secretary