



Established

1996

SPRINGFIELD WATER AND SEWER COMMISSION

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SPRINGFIELD WATER AND SEWER COMMISSION

Minutes of Meeting

July 16, 2020

The Springfield Water and Sewer Commission held a virtual meeting on July 16, 2020. The virtual meeting was held in accordance with Governor Baker's *Executive Order Suspending Certain Provisions of the Open Meeting Law*, G. L. c. 30A, § 20, dated March 12, 2020.

Chairwoman Vanessa Otero called the meeting to order at 1:00 p.m., and announced the Commissioners that are participating remotely. Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, Participating Remotely
Daniel Rodriguez, Participating Remotely
Vanessa Otero, Participating Remotely

Also Participating Remotely
Joshua Schimmel, Executive Director
Norman J. Guz, Commission Counsel
Anthony Basile, Comptroller
William Fuqua, Director of Wastewater Services
Steve Frederick, Deputy Director of Wastewater Services
Dan DiRienzo, Director of Field Services
Scott Loomis, Procurement Officer
Nicole Sanford, Water Resources Manager
Stephanie Douglass, Human Resources Manager
Jim Laurila, Director of Water Operations
James Richardson, Director of IT
Katie Shea, Educational Outreach Specialist
Jaimye Bartak, Communications Manager/Secretary of the Commission

Business Matters

1. Approve the minutes of the public hearing held on June 2, 2020, 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 RODRIGUEZ

VOTED YES –

**COMMISSIONER OTERO
COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the minutes of the public hearing held on June 2, 2020.

2. Approve the minutes of the meeting held on June 17, 2020, 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 RODRIGUEZ

**VOTED YES –
COMMISSIONER OTERO
COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the minutes of the meeting held on June 17, 2020.

3. Approve the minutes of the executive session held on June 23, 2020, 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 RODRIGUEZ

**VOTED YES –
COMMISSIONER OTERO
COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the minutes of the executive session held on June 23, 2020.

Old Business

4. Consideration to Enter into a Five-Year Contract for Booster Station Operation and Maintenance: Report by Chief Engineer.

Item tabled.

New Business

5. Election of Board of Commission Chairperson and Vice Chairperson for Fiscal Year 2021.

Commissioner Leonard nominated Commissioner Rodriguez to serve as Commission Chairperson for Fiscal Year 2021.

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

**VOTED YES –
COMMISSIONER OTERO
COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to appoint Commissioner Rodriguez as Commission Chairperson for Fiscal Year 2021.

Commissioner Rodriguez nominated Commissioner Otero to serve as Commission Vice Chairperson for Fiscal Year 2021.

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

**VOTED YES –
COMMISSIONER RODRIGUEZ
COMMISSIONER OTERO
COMMISSIONER LEONARD:**

to appoint Commissioner Otero as Commission Vice Chairperson for Fiscal Year 2021.

6. Financial Update: Report by Comptroller.

Comptroller Tony Basile presented the ending cash balance at the end of FY21 as \$109.5 million, an increase of \$15.5 million from the previous year, which is mostly attributable to the \$5.3 million bond sale in the fall.

Ninety-three percent of the operating budget has been spent. The slow-down in spending on operations during the stay-at-home advisory, as well as the hiring freeze, resulted in lower operations spending. There is a balance of \$4.9 million in the operating budget.

There was \$46.3 million spent from the capital budget in FY20. Most of that spending was for the river crossing project. The remaining capital budget is \$153.4 million.

Revenue projections for FY20 were \$84.9 million. Revenue fell short of these projections by \$1.8 million, which was attributable to the pandemic. Contract, retail, wastewater collection, and retail sewer revenues were cumulatively \$4.4 million below projections. Non-recurring revenues such as power generation and interest made up for some lost revenue, resulting in a \$1.8 million shortfall in total revenue in FY20.

There was \$109.5 million in cash, of which \$27.7 million is working capital or unrestricted cash (representing 25%).

There was \$4.9 million in receivables in June, \$574.6 million in assets, and \$401 million in total liabilities. There was \$3.3 million in the OPEB trust fund, which is a decrease of \$.5 million from pre-pandemic times.

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

Mr. Basile reported that in June 2020 there were total payments of \$6.6 million, which is an increase from April and May, and an increase of \$950,000 when compared to June 2019.

Mr. Basile reported there was a monthly receivables balance of \$4.3 million in June, which is a decrease in the receivables balance compared with June 2019 and an increase over the three-year average.

There were 2,142 accounts with receivables over \$200 and over 60 days old, which is an increase of \$1,269,120 from June 2019. These numbers reflect the absence of a shut-off program. There is a \$2.3 million balance in receivables over 60 days, which is a 100% increase from June 2019. The over-60 day balance is driving the receivables balance.

There were 17 credits issued in June for a total of \$3,159.84.

Commissioner Otero noted that it is clear that staff is keeping close watch on cash flow, and asked if there was a known financial point where shutoff notices would need to resume. Executive Director Josh Schimmel responded that the governor still has an order in place for no utility shutoffs, and recommended following the lead of other community leaders before resuming them.

Commission Counsel Norm Guz added there is a moratorium on evictions for unpaid rent until September 18, and until that time it would be hard to proceed with shutoffs.

Commissioner Leonard stated that he wished to delay resuming shutoffs as long as possible.

Commissioner Otero commented that regardless of the governor's orders, the shortfall will still need to be rectified.

Mr. Guz suggested that the resumption of penalties from unpaid water bills may prompt more payments.

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

VOTED YES –

COMMISSIONER OTERO

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ:

to approve credits in the amount of \$3,159.84.

8. Consideration of Amendment to Rules and Regulations Chapter 4.3.1, 4.3.5, 5.15 and 4.2.1(a):
Report by Director of Finance.

Mr. Schimmel recommended the continued suspension of shutoffs and late fees until October 1, and suggested the September board meeting could be utilized to determine if the suspension needed to be extended. The suspension is currently set to expire August 1.

Mr. Guz noted that the vote also included the amendment to the Rules and Regulations to allow for partial payment plans regardless of prior payment plan defaults.

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

VOTED YES –

COMMISSIONER RODRIGUEZ
COMMISSIONER LEONARD
COMMISSIONER OTERO:

to approve Amendment to Rules and Regulations
Chapter 4.3.1, 4.3.5, 5.15 and 4.2.1(a).

9. Consideration of Amendment No. 2 to Legal Agreement with Hawkins Delafield & Wood: Report by Director of Wastewater Operations.

Director of Wastewater Operations William Fuqua reported on the second amendment of the legal services agreement for the development of a new service contract. The first amendment was intended to provide enough time to complete the contract. The pandemic delayed progress on contract negotiations. The amendment will allow time for closing activities when the contract goes into effect in October.

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

VOTED YES –
COMMISSIONER OTERO
COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:

to approve and authorize the executive director to sign
Amendment No. 2 to Legal Agreement with Hawkins
Delafield & Wood.

10. Consideration of Service Contract for Wastewater Treatment System Asset Management and Capital Improvements: Report by Executive Director and Director of Wastewater Operations.

Mr. Schimmel reported that an overview of the service contract RFP process would be provided, with a vote to be scheduled in the coming weeks. Mr. Schimmel provided the following summary:

A RFP for Service Contract was issued on July 31, 2019

On December 6, 2019 the Commission received two proposals from vendors in response to the RFP.

The Non-Cost Proposal for each vendor was evaluated by the Non-Cost Proposal Committee, in accordance with the Non-Cost Proposal Criteria set forth in RFP Section 6.3. On January 21, 2020, the Committee filed its report with the Chief Procurement Officer [Mr. Schimmel], with a composite rating of Advantageous for both vendors. The Non-Cost Proposal and report of the Committee was not shared with the Cost Proposal Committee. In addition, the Non-Cost Proposal Committee did not have access to the Cost Proposal of the vendors.

The Cost Proposal for each vendor was evaluated by the Cost Proposal Committee, in accordance with Cost-Proposal Criteria set forth in RFP Section 6.4. On February 14, 2020, the Committee filed its report with the Chief Procurement Officer, which included a life-cycle cost and present value analysis and overall costs of each proposal. The Cost Committee found the Suez Cost Proposal to be most cost competitive.

Based on the Chief Procurement Officer's review of both the Non-Cost Committee and Cost Committee evaluations, on February 14, 2020, the Chief Procurement Officer made the preliminary determination that the Suez proposal was the most advantageous proposal.

On March 12, 2020, the Commission began contract negotiations with Suez.

In conformance with the Special Act of the Commission (Acts 1997 – Chapter 155), taking into consideration price, estimated life cycle costs, the evaluation criteria set forth in the RFP and the terms of the negotiated contract, the Chief Procurement Officer awarded for the service contract for Wastewater Treatment System Asset Management and Capital Improvements to Suez Water Environmental Services, Inc., subject to approval of the Commission.

Mr. Guz noted that the Chief Procurement Officer has to submit a recommendation to the Commission, and the Commission can vote to approve the award but the contract will not yet be signed. Commissioner Rodriguez requested a separate meeting to review the details of the contract before voting on it. Commissioner Leonard agreed. Mr. Guz reiterated that the Commission does not have to vote on the award.

Mr. Fuqua reported on key changes to the contract. The 20-year contract will have a five-year extension option. When the new contract starts, there will be meetings and discussion as to what will be needed for reporting.

Mr. Fuqua continued that the new contract has a consideration for the expansion of the service territory. The Commission would be charged for the additional flows and loading and pass the costs on to the new community, such as Chicopee. The new contract was used as a base to build the existing contract due to its success over 20 years.

Mr. Fuqua continued that for compliance with applicable laws, the company will have to meet additional requirements including additional testing of the RTO odor control equipment. Performance guarantees are important to these types of contracts, and the effluent performance guarantee is essentially the same as the existing contract. Performance standards were enhanced for certain operations. Biosolids were removed from the service fee, and performance guarantees related to managing the volume of solids that are created were added to the contract, including a minimum biosolids dryness guarantee to maximize the amount of dryness. Penalties are included for not meeting guarantees. Guarantees related to electricity use, consumption, and odor are unchanged from the prior contract.

The company has refined the treatment process to reduce the amount of power used to save the Commission money annually. The formula for reimbursement for electricity consumption has been modified to make it more accurate.

Mr. Guz reported that section 7.5 related to the odor guarantee was retained to make sure there are no odor issues that would have an effect on downtown Springfield. Odor conditions have drastically changed and there is a desire to continue that performance.

Mr. Fuqua continued that the biosolids disposal subcontract is different than the existing contract. The Commission will pay a unit price over a five-year period for all biosolids that leave the facility. Because of changing regulations, a twenty-year contract was not desirable. Biosolids remain a significant cost center under the existing contract, and conditions will be reevaluated after five years.

Mr. Schimmel noted that the volatility of biosolids is high, so a shorter-term provision is better for long-term planning because it allows for an on-site or off-site solution. Otherwise, the Commission would be paying a premium to the contractor for the risk associated with handling biosolids.

Mr. Guz added that the biosolids subcontract puts the Commission in the position of asking for a proposal that would make the contractor responsible for biosolids disposal for stated periods, allowing the

Commission to look at alternatives. Mr. Fuqua stated that it would have been expensive to ask the contractor to take on the biosolids risk, and that others had noted the foresight to structure the contract in this way.

Mr. Fuqua continued that the contract allows for additional “uncontrollable circumstances,” primarily relating to initial capital improvements and conditions related to the delay of schedules and permits due to regulatory agencies or permit/project review. Changes in law would be considered “uncontrollable circumstances.”

Mr. Fuqua reported the contract is adjusted for time and inflation for delayed liquidated damages, and has a \$1.1 million cap.

Mr. Fuqua reported that the service fee is significantly different. IRS changes have made the formula simpler in the new contract. The company was asked for a fixed cost and variable costs. Ten years of historic data from the treatment plant assisted in informing the average loading amount for BOD and TSS. If the company goes above 27 million pounds of loading/year for BOD or 23 million pounds for TSS, there is a variable charge that is added to the fixed fee. If the company goes lower, there is not an adjustment to reduce the fee.

Commission Rodriguez asked whether Solutia going out of business would reduce the company’s charges due to less treatment. Mr. Fuqua responded that there would be a reduction in flows and loading in that situation, but if that occurred the fixed charge would stay the same. Commissioner Rodriguez asked whether the variable charges would change. Mr. Fuqua responded that the variable charges would take effect if TOD or TSS exceeded the thresholds, but there would be no downward adjustment because the operating costs do not significantly decrease for less BOD or TSS. Mr. Fuqua stated the team is confident that flows and loading will remain relatively consistent.

Mr. Fuqua continued that if the contract is severed, there is a severance fee. The new contract also includes a separate monthly charge for CSO monitoring and there are more options if technology changes. There are also performance bonuses and deductions for biosolids and energy. In addition, there is a new provision for the replacement of the project service manager, and the limits of liability were adjusted.

Mr. Guz commented that the goal was to solicit as many vendors as possible to submit a proposal. Due to consolidation in the industry, only two proposals were received.

Mr. Fuqua continued that an escalation in the service fee is included, as with the current contract. The company will be responsible for an initial \$55 million in liability related to damages to the Commission or nonperformance under the contract for the first five years.

Commissioner Rodriguez asked if there were provisions to participate in capital upgrades. Mr. Fuqua responded that capital projects in the 20-year CIP were considered, and four initial capital improvements (ICIs) are included in the new service contract. These include the electrical feeder system, odor control ventilation system, aeration system (more energy efficient diffusers), and aeration redesign to better remove nutrients. The applicants competitively proposed pricing for those, and there is \$27 million in projects that are slated to get started. If SRF funding is obtained this summer, a notice to proceed for these four projects could start next June. There are also provisions in the contract to utilize the company to submit design-build proposals for future contracts.

Mr. Guz explained that Appendix 14 in the contract covers the four initial ICIs. When compared to the final ICI cost to achieve modernization, the Commission likely saved \$3-4 million in ICI costs. The company has proposed a capital improvement on their own. For example, they are starting the process to

add a third centrifuge at their own risk for \$2.5 million that the company believes will save in operations costs.

Mr. Guz added that there are 24 appendices still being finalized. Once the contract is approved by the Commission, it needs to be sent to DEP for approved.

Commissioner Rodriguez left the virtual meeting.

11. Consideration of Kleinfelder Work Order 74 FY21 Pipeline Cleaning and Assessment Program:
Report by Director of Wastewater Operations.

Mr. Fuqua reported on the annual work order with Kleinfelder to administer the cleaning and assessment program. This year 85,000 linear feet of collection system pipe is expected to be cleaned. A second round of cleaning will commence this year, starting with pipes that were identified as the most in need when they were cleaned in 2009-2010. Mr. Fuqua recommended approval of the work order. Mr. Schimmel added that program allows the Commission to prioritize capital and O&M projects.

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

VOTED YES –

COMMISSIONER OTERO

COMMISSIONER LEONARD:

to approve Kleinfelder Work Order 74 FY21 Pipeline Cleaning and Assessment Program.

12. Consideration of Professional Services Agreement with Consulting Forester Michael Mauri for FY2021 Forestry Consulting Services: Report by Water Resources Manager.

Water Resources Manager Nicole Sanford reported on a proposed professional services agreement with a consulting forester. The agreement will include another forest stewardship plan, and finishing the Borden Brook stewardship plan. The contract includes the development of a watershed forest vision, ongoing help in forest monitoring in Cobble Mountain Reservoir and Ludlow Reservoir, and an as-needed provision for forestry and public outreach. The contract also includes implementation of silviculture in Cobble Mountain Reservoir, which was supposed to occur two years ago but was sidetracked by the gypsy moth outbreak in Ludlow Reservoir.

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

VOTED YES –

COMMISSIONER OTERO

COMMISSIONER LEONARD:

to approve and authorize the executive director to sign the Professional Services Agreement with Consulting Forester Michael Mauri for FY2021 Forestry Consulting Services.

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

Mr. Schimmel reported that all employees have returned to work, and some are split 2-3 days/week for social distancing. Some stations have been reorganized for space reasons. Safety dividers, signage, hand sanitizer, and reusable masks are available. Utilities across the country are doing different things, but all have their field crews back. Staff are still doing weekly updates and calls.

Mr. Schimmel continued that staff are preparing an application for the WIFIA program which would provide a long-term loan for multiple projects over a longer period of time. The program is highly competitive but not costly to pursue.

Mr. Schimmel reported that one of the electric lines to the wastewater treatment plant burned, which speaks to the aging infrastructure at the plant and the need for the Board's support in investment at the plant. The incident did not result in permit violations.

Mr. Basile reported that the WIFIA loan application was currently underway. The annual audit is upcoming. There is an OPEB trust meeting next Wednesday, July 15 at 10 AM.

Mr. Fuqua reported that the York Street pump station project continues to advance, with wall sections of the foundation currently being poured. Bypass piping is currently being tied into the influent structure. The completion of permitting remains a challenge. It may be possible to start some river work in October, but that hinges on the permitting.

Commissioner Otero asked whether the delay in river work would lead to an accrual in costs. Mr. Fuqua replied yes, as contractors will recalculate based on the delayed schedule. Staff have repeatedly expressed to regulators the importance of limiting the escalation in costs for ratepayers, but it has so far not sped up the process. Mr. Fuqua stated he expects there will be a future request for additional funding based on the delays. Mr. Schimmel added he expects there to be damage claims for the delays, and that despite starting the permitting process three years ago, the regulatory process has slowed project advancement considerably.

Commissioner Otero asked whether state or federal agencies were contributing to delays. Mr. Schimmel replied both, and that Congressman Neal has intervened to move along the federal review process. Commissioner Otero asked where the additional money would come from. Mr. Schimmel replied from borrowing from the SRF.

Mr. Guz noted that Congressman Neal sent a letter to federal regulators and requested that his office be informed of progress. Reaching out to a state representative or senator may also help. Commissioner Otero asked if a lobbying firm could assist. Mr. Guz added that he will look into identifying a potential governmental liaison that can assist.

Director of Water Operations Jim Laurila reported that the application for inspector general approval of design-build procedures was approved last week. AECOM is moving forward with indicative design documents. The pilot plant will move into its third season from August 17 to September 25. There are early indications that another coagulant may assist with HAA5. A public notification for HAA5 was issued on July 7. Cobble Mountain Reservoir is 81% full, and water production is 40-45 MGD. Water production is tied to weather conditions.

Chief Engineer Bob Stoops reported that the Provin Mountain tank removal project is 100% complete and came in under budget. The replacement of bridges 2 and 3 at West Parish Filters is moving along schedule, and the governors replacement project at the power station is 2 weeks ahead of schedule. The

power plant should be back online next Tuesday. The clearwell and backwash design project is also under review.

Director of IT James Richardson reported on a busy year in terms of cyberattacks. There has been monthly training of staff for cybersecurity. A new cybersecurity expert that most recently worked at DoD was hired right before the pandemic. A degradation of performance in videoconferencing was noted once staff returned to the office, so that is being addressed.

HR Manager Stephanie Douglass reported that she continues to utilize communication tools for employees to keep them updated, and is looking at ways to use videos for recruiting. Commissioner Otero asked if Commission staff were taking the STCC course. Ms. Douglass replied that three employees have completed the class.

Mr. Schimmel thanked Commissioner Otero for her service for the past year, as did Commissioner Leonard.

The next Commission meeting will be held on Thursday, July 30 at 9 a.m.

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

None considered.

Submitted By:

A handwritten signature in black ink, appearing to read 'JBartak', written in a cursive style.

Jaimye Bartak, Secretary