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## SPRINGFIELD WATER AND SEWER COMMISSION

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### SPRINGFIELD WATER AND SEWER COMMISSION

#### Minutes of Meeting

**July 30, 2020**

The Springfield Water and Sewer Commission held a virtual meeting on July 30, 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 9:04 a.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  
Domenic Pellegrino, Director of Finance  
Bill Fuqua, Director of Wastewater Services  
Jaimye Bartak, Communications Manager/Secretary of the Commission

#### **Business Matters**

1. Approve the minutes of the meeting held on July 16, 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 OTERO**

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

to approve the minutes of the meeting held on July 16, 2020.

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

Item tabled.

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

Executive Director Josh Schimmel reported that copies of the wastewater service contract were provided to Commissioners at the last meeting. During the last meeting, a summary was also provided about the changes in language between the existing and proposed contract terms, as well as about the financial analysis. The proposed contract is similar to the existing contract with some changes.

Commissioner Leonard commented that odor control is very important, especially now that MGM is open, but most importantly for the benefit of our residents. Commissioner Leonard noted that in reviewing the contract he is satisfied with how odor control is covered.

Commission Counsel Norm Guz noted that the language in regard to odor incidents is the same as the past twenty years. The contract language includes procedures and protocols to address complaints, and if SUEZ does not address complaints or if there is a sustained odor condition, the Commission has the ability to levy fines, and also to proceed to terminate the contract and recover damages. The language regarding odor control enables the Commission to hold hearings if there is an issue. The citation amounts were increased slightly, but the larger issue was to ensure that odor reduction efforts were in the contract with an established process in place.

Commissioner Rodriguez commented that he was glad to see the odor control language is the same, and that the fines are indexed. He asked if the contractor has been fined at all in the past twenty years.

Director of Wastewater Operations Bill Fuqua responded that they have not been fined as far as he is aware. Commissioner Rodriguez asked if there had been any fineable offenses regardless. Mr. Schimmel responded there have been none.

Mr. Schimmel continued that there is a handful of odor complaints each year, and the odor awareness team meets monthly. The team has been responsive and quick. Usually the odors are not sourced to the plant, but other nearby land uses. Odor complaints typically arise during long periods of dry weather.

Commissioner Rodriguez noted that he had contacted the odor complaint line a few times without notifying them he was a Commissioner. He commented that the team was always very responsive. Commissioner Rodriguez commented that he would like to see a summary of odor complaints, and that perhaps a nominal fee is worthwhile if there is an odor issue.

Mr. Guz replied that the Commission has a right to call a hearing if the contractor is not responsive. A hearing has not been used before, but there have been a number of occasions where SUEZ has been asked to discuss problems in other operational areas with the Commissioners.

Mr. Schimmel added that staff have no hesitation with elevating odor problems to SUEZ, and SUEZ has been very responsive to all odor complaints. Commissioner Rodriguez noted that he was pleased to see that there are several areas where SUEZ can be fined for non-compliance and that the fines are indexed. Mr. Guz clarified that the fines are indexed to the Boston/Cambridge CPI. Mr. Schimmel pointed out that in the first ten years of the contract, there were several occasions where fines were threatened, but no

finances were ever levied. Mr. Guz added that the fines put the Commission in a position to leverage the company to perform when necessary. Termination is the last resort because then the Commission would need to find someone else to operate the plant.

Mr. Fuqua noted that the fines and process to address problems are good examples of the quality of the contract. Hawkins is known for producing thorough contracts, which is why the existing contract was used as a baseline and Hawkins was used again to craft the new one. Mr. Guz added that Hawkins also was in a unique position to understand what needed to change in the contract due to conditions in the market today versus twenty years ago.

Mr. Schimmel noted that the other overarching item in the contract negotiations was the price comparison with the next bidder. The other bidder's price was much higher. The overall cost difference made the cost and functionality of the contract mechanisms easier to negotiate.

Mr. Guz commented that even with the cost differential, negotiations on testing the RTO went smoothly. The Commission has a right under the existing contract to do RTO testing itself and that moved negotiations forward. For ICIs, SUEZ modified 4 ICIs to better reflect current and future plant conditions which brought costs down, resulting in a more effective package.

Commissioner Rodriguez noted that his questions and evaluation were less about comparing one bidder with the other, since he trusts that staff to determine the best value, than understanding what is in the contract. Commissioner Rodriguez asked if the letter of credit is now indexed. Mr. Guz responded that it was, and the letter of credit stays in place six months after the existing contract ends.

Commissioner Rodriguez asked about enforcement of provisions in the existing contract that stipulate the facility's condition at the end of the contract must be equal to that at the start of the contract. Mr. Guz responded that Mr. Fuqua and Attorney Leiter are currently involved in reviewing data to ensure that the Commission collects any difference in value.

Mr. Fuqua explained that the Commission and SUEZ did an asset evaluation of equipment and structures at the plant and pump stations, and then calculated what the average useful life was before and after the contract. SUEZ is supposed to replace or overhaul equipment during the contract term in order to maintain the average useful life of the equipment. At a recent meeting, it was stated that the average useful life is currently less than the original, so SUEZ is determining whether to make the case to change the calculation based on the work they have completed on the assets. Attorney Leiter and Mr. Fuqua will decide whether to give SUEZ credit for the work they performed on the assets. If SUEZ cannot bring the average useful life up to the equivalent value, they will have to pay the Commission. This will be completed before the new contract starts.

Mr. Guz commented that he was impressed by the amount of detail in the asset evaluation. The data is important not only to close out the existing contract, but also for use as a baseline for the new one.

Commissioner Rodriguez asked how the initial assumptions related to loading on the plant ended up panning out over twenty years. Mr. Fuqua responded that loading has been consistent from year to year. Commissioner Rodriguez asked if it was realistic to assume that the loading calculation would change dramatically if Solutia closed. Mr. Fuqua responded that the issue has been discussed, and that the pricing structure is based on ten years of loading data. Pricing is more heavily based on fixed costs to operate and maintain the facility than loading, so staff did not feel that any additional price structure was necessary to adjust for changes in loading.

Commissioner Rodriguez asked if the loss of Solutia would result in a significant cost increase or burden on ratepayers. Mr. Schimmel responded that the loss of Solutia would likely not change operational costs as much of the operating cost is fixed, with the exception of lowering electricity costs. The operating cost allocation would be redistributed among the remaining participants which would drive the annual costs up. There is a provision in the Solutia contract that provides some coverage to the Commission if they were to leave with little or no notice. Mr. Fuqua added that the Commission is also protected with the loss of Solutia as the cost of processing biosolids would decrease. Mr. Schimmel noted that due to these protections, the new contract is an improvement over the old one since biosolids are treated as pass-through costs.

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

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

to approve the award of the service contract for wastewater treatment system and asset management services to SUEZ Environment Inc. in the form presented.

Mr. Guz reported that Mr. Fuqua would submit the contract to MassDEP for approval. There will then be an in-person signing of the contract in September. Mr. Guz acknowledged how much work went into the new contract, not only in negotiations but also the twenty-one appendices. Mr. Guz commended Mr. Fuqua for his fine job in communicating with Commission counsel and other team members, and commented that the Commissioners are well served by Mr. Fuqua. Mr. Schimmel agreed, noting the high level of detail required to complete the contract. Commissioner Rodriguez thanked Mr. Fuqua.

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

None considered.

The next virtual Commission meeting is scheduled for Thursday, September 3 at 9 AM.

Adjourned at 9:45 AM by unanimous vote.

Submitted By:



Jaimye Bartak, Secretary