



Established

1996

SPRINGFIELD WATER AND SEWER COMMISSION

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SPRINGFIELD WATER AND SEWER COMMISSION

Minutes of Meeting

October 8, 2020

The Springfield Water and Sewer Commission held a virtual meeting on October 8, 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.

Chairman Daniel Rodriguez called the meeting to order at 9:03 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
Steve Frederick, Deputy Director of Wastewater Services
Nicole Sanford, Water Resources Manager
Scott Loomis, Procurement Officer
Christina Jones, Deputy Director of Water Operations
Jim Laurila, Director of Water Operations
Dan DiRienzo, Director of Field Services
James Richardson, Director of IT
Bob Stoops, Chief Engineer
Dave Szymczakiewicz, Senior Project Manager
Katie Shea, Educational Outreach Specialist
Frank Zabaneh, Senior Engineer
Kristin Monfette, Safety Manager
Sanford Stokes, Member of the public
Adam Chadwick, Member of the public
Jaimye Bartak, Communications Manager/Secretary of the Commission

Business Matters

1. Approve the minutes of the meeting held on September 3, 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
September 3, 2020.

New Business

2. Financial Update: Report by Comptroller.

Comptroller Tony Basile noted that the September financial statements were not available based on the early meeting date in October. The ending cash balance through the end of August represents a \$6 million decrease in first few months of the fiscal year. This is due to a combination of operational needs and advance funding of capital projects.

The operating budget is spent out at roughly 20% through this fiscal year. Year-to-date expenditures represent approximately 19%. The retirement board has allowed pension payments to be spread out over 6 months. Overall, the full operating budget is expecting to be spent out, but a number of vacancies will need to be filled.

Just over \$8 million was expended in the capital budget through the end of August. Funds continue to be spent at a high rate due to the river crossing project.

There is approximately \$425,000 less in revenue compared to budget projections in estimated interest income and late fees. There is an expectation to receive more revenue in retail water billings. Overall revenue budget expectations are expected to be met.

There was \$103.5 million in cash at the end of August, of which 18% is unrestricted. The balance of the Commission cash is restricted for bond covenant reserves, stabilization funds, and cash restricted for capital projects.

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

Director of Finance Domenic Pellegrino reported that billings were \$8.5 million, and collections were \$9 million, leaving an accounts receivable balance of \$8.5 million. This is a little lower than the previous month.

Executive Director Josh Schimmel noted that at the same time last year, accounts receivable was at \$5 million. Mr. Pellegrino added that this is 80% higher than a year ago.

Mr. Pellegrino continued that there were 6,192 accounts with balances over 60 days old, representing \$2.8 million, compared to \$1.1 million in 2019. There were 5,500 such accounts last year. Mr. Pellegrino

explained how projections into next year were tabulated. The outstanding balance was divided by the number of accounts, resulting in the average amount outstanding per account. There is projected to be a 7% increase in that amount.

Commissioner Rodriguez asked what the average outstanding amount was. Mr. Pellegrino responded \$430. In prior years this was \$280-300 per account.

Mr. Pellegrino presented the September billing credit summary. There were 54 credits issued for a total of \$28,256.21.

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

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

to approve credits in the amount of \$28,256.21.

4. Consideration of CIP Amendment 2021-01: Report by Director of Finance.

Mr. Pellegrino reported that the Commission previously voted to accept funding from DEP through the Pioneer Valley Planning Commission for the York Street Pump Station and Connecticut River Crossing Project. This amendment is to appropriate funding for the grant in the amount of \$470,000.

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

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

to approve CIP Amendment 2021-01.

5. Consideration of CIP Amendment 2021-02: Report by Director of Finance.

Mr. Pellegrino reported that a project associated with the bond sale of November 2019 is now complete and can be closed. There is \$43,263.63 remaining that will be transferred to a FY18-FY19 sewer rehabilitation project.

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

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

to approve CIP Amendment 2021-02.

6. Consideration of CIP Amendment 2021-03: Report by Director of Finance.

Mr. Pellegrino reported that this amendment is for projects that have been completed, and the remaining funds can be transferred to the CIP reserve account.

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

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

to approve CIP Amendment 2021-03.

7. Consideration of Authority to File State Revolving Loan Application (DWSRF 6649) for Clearwell and Backwash Pump Station: Report by Commission Counsel.

Director of Water Operations Jim Laurila reported that the replacement of the clearwell and backwash pumping station received approval through the State Revolving Fund’s intended use plan. An SRF loan application is now due in mid-October. Indicative design drawings are already funded in the capital plan and underway. The project will follow a design-build procurement method. An RFQ will be issued to design-builders that have expressed interest. The project is currently on-schedule.

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

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

Whereas the Springfield Water and Sewer Commission (the Commission), after thorough investigation, has determined that the work activity consisting of “Clearwell and Backwash Pump Station Replacement at West Parish Filters Water Treatment Plant (SRF I = 6649)” 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 Massachusetts 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 29 C, and believes it to be in the public interest to file a loan application;

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

8. Update on Wastewater Service Contract with SUEZ: Report by Commission Counsel.

Commission Counsel Norm Guz reported that the new service contract with SUEZ was closed one week ago. There were three follow-up items: (1) an amendment to a new letter of credit, which will now be \$4 million; (2) the final asset value evaluation in regard to the old service contract so that assets are returned at the life-service value that they were received; and (3) the evaluation of inventory.

Director of Wastewater Operations Bill Fuqua reported that the asset valuation is almost complete, and the inventory evaluation is all but complete.

Mr. Guz continued that Engie sold its 30% interest in SUEZ's parent company to Veolia, and the remaining stock will be acquired in 2-3 years after European Union approval. The ownership transfer should not impact the Commission's contract, except of the guarantor is changed, in which case SUEZ's parent company in the U.S. will have to provide a guarantee.

Commissioner Rodriguez commented that the new contract was a huge effort and congratulated the team on its success. Executive Director Josh Schimmel added that Mr. Fuqua did a great job and has provided stability in one aspect of operations for the next twenty years.

9. Consideration of World is Our Classroom Program for 2020-2021: Report by Executive Director.

Mr. Schimmel reported that due to Springfield Public Schools being remote, the World Is Our Classroom program will be modified to online format. This may allow for more students than usual to participate. The program would be administered through Springfield schools and the Commission would have ownership of the video portion of the program. The program would be funded through a grant of \$45,000, which is less than previous years.

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

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

to approve a grant of \$45,000 to fund the World Is Our Classroom online program.

10. Update on Shut Offs, Late Fees, Payment Plans, and Advisory Letter: Report by Executive Director.

Mr. Schimmel reported that shut offs, late fees, and more flexible payment plans were extended to the date of this meeting. An advisory letter will be sent out to all customers with accounts with over \$200 over 60 days old to encourage people to pay. Currently the Commission decided to revisit these provisions each month. Mr. Schimmel described what the financial situation would be if current provisions were kept in place, which is projected to be \$5 million outstanding within 7,000 accounts. This amount is typically in the \$2 million range. Mr. Schimmel stated that the advisory letter should have some effect on encouraging payments.

Mr. Pellegrino explained that each payment plan is tailored to the account's status. The goal is to make accounts current by shutoff season in April. More customer service representatives are being trained on how to create payment plans.

Commissioner Otero asked whether customers receive less flexible payment plans if their payment history is taken into account. Mr. Pellegrino responded that how much a customer has paid each month (such as if a customer has only paid \$100/month, but has a \$400 monthly bill, they might need more time) is what is considered. The overarching goal is not to penalize customers but to get them back on their feet while maintaining cash flow.

Commissioner Otero commented that based on current economic conditions, staff should not plan for normal fiscal years until at least FY21 or FY22.

Mr. Schimmel acknowledged that there is still a need to be sensitive to the community. Mr. Schimmel recommended suspending late fees until next month, while continuing to look at the impacts each month.

Mr. Guz noted that there is no need for the Commission to extend the shutoff program because it cannot conduct shutoffs by law after October 15 anyway. The shutoff program can be reviewed again in March. Mr. Guz recommended continuing to suspend the provision regarding previous defaults for payment plans. Mr. Guz expressed concern about the lack of late fees and its effect on the financial situation of the Commission. There is a group of customers that pay late consistently, particularly now with no penalty. The penalty often served as an incentive for these customers to contact the Commission. There are approximately 5,000 out of 42,000 customers that are not paying their bills. Mr. Guz recommended reinstating the late fees, as they are common among a multitude of other government agencies.

Commissioner Otero asked if gas and electric utilities are charging late fees in the pandemic. Mr. Guz replied they may not be allowed to do so under the DPU. Commissioner Otero pointed out that reinstating the late fees may be a distraction for the Commission, particularly if the Commission is the first utility to do so.

Mr. Guz responded that if no action is taken, receivables will continue to grow, and the Commission may end up shutting off a larger number of people in the spring.

Commissioner Leonard asked if it was possible to let people know ahead of time why they are being shut off. Mr. Schimmel responded that notices are typically sent out in the winter. Mr. Schimmel advised seeing whether the advisory letter prompted people to pay. Mr. Schimmel noted that Verizon never waived late fees, and Holyoke Gas & Electric never changed late fees. Mr. Guz recommended looking at what other surrounding communities have done.

Commissioner Rodriguez noted that Columbia Gas suspended late fees, while Eversource did not, and both utilities offer payment plans. Commissioner Rodriguez suggested sending an advisory letter that late

fees will be coming, but late fees can be forgiven if a customer has experienced a pandemic-related layoff. Or a notification could be added to the advisory letter that late fees will resume in January 2021, and shutoffs will begin in the spring.

Commissioner Leonard stated that there needs to be more discussion before adding such information to the advisory letter.

Mr. Guz noted that he understood the hesitancy. The governor's moratorium on evictions and foreclosures expires October 17, and whether it is extended could be used as a guide. Mr. Guz advocated for encouraging payment before posting accounts in the spring, but noted there will be a backlash no matter what.

Mr. Schimmel recommended extending the suspension of late fees and provisions related to payment arrangements to December. The suspension of shutoffs can be left to lapse since they are currently not allowed.

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

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

to approve a continued amendment to Rules and Regulations Chapter 5.15 (4) and 4.2.1(a) until the date of the next Board meeting (December 10, 2020).

11. Update on Customer Assistance Program: Report by Executive Director.

Mr. Schimmel reported that staff have spoken with other utilities that have customer assistance programs, to help form the Commission's new program. Income eligibility will be based on income limits for heating fuel assistance, which is 60% of the state median income. Customers in owner-occupied single-family homes will be eligible for an annual one-time credit of \$125. Valley Opportunity Council (VOC) and New England Farm Workers Council (NEFWC) have agreed to cross-promote the program. A press release, bill stuffers, and outreach to community partners and elected officials will help promote the program. Other utilities have reported under-utilization of these programs. It is estimated that 4-5,000 customers could be assisted with available funding.

Commissioner Otero noted that elderly homeowners on fixed income tend to qualify for LIHEAP, and New England Farm Workers Council and Valley Opportunity Council should be asked to include this program in their outreach.

Commissioner Rodriguez noted that a landlord cannot charge for water without sub-metering, and asked if a tenant of a single-family home with a Section 8 voucher would qualify. Commissioner Otero added that some people do not qualify for LIHEAP based on \$50, and VOC and NEFWC can assist with donations, so the CAP guidelines should be followed. Commissioner Rodriguez noted that the program must be implemented consistently so that the program does not appear discriminatory, while keeping in mind the program can be altered if it appears to be too restrictive.

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

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

to approve the Customer Assistance Program as presented.

12. Update on Issuance of Final NPDES Permit by USEPA: Report by Executive Director.

Addressed in executive session.

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

Mr. Schimmel reported that John Sullivan of the Inspectors Group passed away unexpectedly in September, which was a big loss to staff.

Mr. Schimmel reported that a public notification for HAA5 was issued, and all samples for September were below the MCL. An update will be provided at the next meeting.

Mr. Schimmel reported that the Appeals Committee has been busy, as a lot of people used a lot of water over the summer. Most of the consumption was verified. Calls are starting to slow down.

Mr. Schimmel reported that Cobble Mountain Reservoir levels are at 67%, which is lower than the three-year average. A new drought monitoring tool developed as part of the new Drought Management Plan is assisting in tracking levels.

Mr. Schimmel reported that the WIFIA loan application was under development and will be submitted soon. A WIFIA loan would provide flexibility and financing that might not otherwise be obtained, and would be a large accomplishment to obtain.

Mr. Basile reported that the audit is progressing and a report is expected in December.

Mr. Fuqua reported that the permits to work in the river are close to being obtained.

Chief Engineer Bob Stoops reported that construction work is advancing.

Director of Field Services Dan DiRienzo reported that water superintendents are replacing pipes and operations are running smoothly.

Mr. Pellegrino reported that customer service representatives continue to work successfully in hybrid mode.

Mr. Laurila reported that pilot plant work is ongoing and will be concluding shortly. DEP is currently reviewing a permit application to run a half-plant trial of a new coagulant this winter.

Director of IT James Richardson reported that aggressive efforts are going towards protecting the Commission's cybersecurity profile.

Mr. Guz suggested issuing a press release about efforts to address HAA5 and other projects to let customers know where their rates are going. Commissioner Otero also suggested proactively reaching out to the *Republican* in an op-ed or to provide the editorial board information about all the different work going on. Mr. Schimmel responded that the CAP will provide an opening to update the press about current activities.

14. Update on 42-inch Bypass and Plunger Valve: Report by Executive Director.

Addressed in executive session.

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

**AT 10:45 AM UPON MOTION DULY MADE BY COMMISSIONER RODRIGUEZ AND
SECONDED BY COMMISSIONER OTERO**

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

to enter into executive session to discuss the issuance of the final NPDES permit by USEPA and 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.

Submitted By:



Jaimye Bartak, Secretary