



Established

1996

SPRINGFIELD WATER AND SEWER COMMISSION

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SPRINGFIELD WATER AND SEWER COMMISSION

Minutes of Meeting

May 14, 2020

The Springfield Water and Sewer Commission held a virtual meeting on May 14, 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 9:00 a.m., and announced the Commissioners that are participating remotely. Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, Participating Remotely (starting at 9:03 AM)
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
Dan DiRienzo, Director of Field Services
Scott Loomis, Procurement Officer
Nicole Sanford, Water Resources Manager
Christina Jones, Deputy Director of Water Operations
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 meeting held on April 15, 2020, without reading, because copies were furnished to each member of the Commission for their review.

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

VOTED YES –

COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ
COMMISSIONER OTERO:

to approve the minutes of the meeting held on April 15, 2020, 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 15, 2020, without reading, because copies were furnished to each member of the Commission for their review.

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

VOTED YES –
COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ
COMMISSIONER OTERO:

to approve the minutes of the executive session held on April 15, 2020, without reading, because copies have been furnished to each member of the Commission for their review.

Commission Leonard joined the virtual meeting at 9:03 AM.

New Business

3. Update on Coronavirus Response: Report by Executive Director.

Executive Director Josh Schimmel reported that staff have continued to match the pace of development and construction work in the region during the pandemic. Inspections, meter installations, and taps are actively occurring. Staff are still trying to acquire as much PPE as possible, though much remains on backorder. The Commission is participating in a cloth mask distribution effort to other utilities in Western Massachusetts with masks provided by EPA.

Customer service and engineering functions are ongoing. Some work spaces and functions will need to be modified for the upcoming return to work. Capital projects are all ongoing, though there are still some concerns about how to maintain social distancing at the water treatment plant upon return to work. Leadership continues to check in remotely daily, with a weekly all-staff meeting.

4. Financial Update: Report by Comptroller.

Comptroller Tony Basile reported that 83.3% of the fiscal year has passed. There is \$108.1 million in cash, which is a \$14.1 million increase that is attributable to the bond sale in the fall of 2019.

For the operating budget, 96% is projected to be spent. The YTD expenditures and projections going forward were 98.9%, lowered to 96% due to some of the operational expenses between now and June that will not be spent. It is anticipated that 96% of the budget will be spent.

Of the capital plan, \$38.4 million has been spent, with a remaining balance of \$135.3 million to be carried over. The balance of the revenue budget is currently \$84.3 million, which is off original projections. A

decrease in revenue began to occur before the pandemic, with consumption down 2%, and revenues down \$2.4 million. There is still a lag in consumption data based on the billing cycle.

There was \$108.1 million in cash, with 75% restricted for bond covenant reserves. The remaining cash is working capital for many projects currently on the books, and \$135 million is needed as working capital.

Receivables at the end of April included \$1.9 million over 60 days old. Total assets were \$569.4 million, with just over \$401 million in liabilities. Assets have decreased over the past month due to a drop-off in the market.

5. 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 \$5.6 million, and collections of \$5.1 million. There were \$4.4 million in outstanding receivables. There were 6,235 accounts with receivables over 60 days that total \$1.9 million. This is an increase from last month due to pandemic.

Commissioner Rodriguez asked for how long the shut off program was suspended. Mr. Pellegrino responded June 1.

There were 39 credits issued during April totaling \$6,741.29.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ**

COMMISSIONER OTERO: to approve of credits issued in the amount of \$6,741.29.

6. CIP Amendment Number 2020-29: Report by Director of Finance.

Mr. Pellegrino reported on a transfer of funds from a project for improvements to the chemical storage room to various other projects at the power plant.

Executive Director Josh Schimmel explained that the chemical storage room project has been placed on hold, and in the meantime the funds from that project need to be diverted to the power plant. With the 42" bypass currently unavailable, the power plant is currently the only means to convey water from the reservoir to West Parish Filters year-round. These projects will maintain the power plant but are discreet investments in light of the fact that the hydropower market is in steep decline.

Commissioner Rodriguez asked if the chemical storage room project would be revisited. Mr. Schimmel responded that the project is currently being cancelled due to the pandemic, because of the close proximity it creates with operators and outside contractors. But it is also being cancelled because the pilot plant is indicating a different type of coagulant may be more effective in treatment, and thus different chemical storage may be needed.

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

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

to approve CIP Amendment 2020-29.

7. CIP Amendment Number 2020-30: Report by Director of Finance.

Mr. Pellegrino reported that this amendment includes projects funded by the 2019 bond sale. The projects were completed under budget and the residual appropriations need to be zeroed out so the projects can be closed.

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

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

to approve CIP Amendment 2020-30.

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

This item was tabled.

9. Consideration of Renewal of the Second Option Year of R-1806-18 "Professional Engineering Services Agreement" with Wright-Pierce and Stantec Consulting Services: Report by Chief Engineer.

Mr. Schimmel reported that this contract provides renewable, ongoing and on-call agreements for engineering services for water and sewer in a variety of areas. Chief Engineer Bob Stoops added that the contract is an annual agreement and is being held at the same price as last year.

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

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

to approve Renewal of the Second Option Year of R-1806-18 "Professional Engineering Services Agreement" with Wright-Pierce and Stantec Consulting Services.

10. Review of Proposed O & M Budget, Capital Improvement Budget, Capital Plan, and Rates for FY 2021: Report by Commission Counsel.

Commission Counsel Norm Guz explained that the proposed FY21 budget is subject to review per the request of the Commissioners at the prior month's meeting. Mr. Guz explained that with only limited data, the FY21 budget was submitted to the mayor and city council as required under Chapter 40N, with the Commissioners explicitly noting that the vote to proceed was not a final approval of the submitted budget and rates.

Mr. Schimmel continued that before the budget was presented, a large portion of industrial use was down and there were steep drop-offs in water production. The assumptions upon which the FY21 budget was built were based on data about water production, not billing data. There was a 15-17% reduction in demand. The financial scenario was discussed with a third-party financial team in order to see how other utilities were handling the rate and revenue projections. There are no other federal or state sources of funding that support the Commission's services.

Mr. Schimmel explained that 62% of revenue is derived from residential customers. The next largest customer base is industrial at 18%, and a very large portion of that is from a single user. In April, the finance team was predicting a revenue loss of 90% for three months in the industrial class, and 75% starting in July. In May billing data indicated that industrial usage was off by 60%, representing a rebound of 21%. The rates can be adjusted based on this new data that also accounts for a 7-8% reduction in usage that was a trend prior to the pandemic. Staff have been in touch with our largest industrial users and are aware of future scheduled shut downs.

Mr. Schimmel continued that commercial usage was predicted to drop by 90% and then by 75% in July, but there was only a 40% reduction recorded. Residential was predicted to increase by 5% during the pandemic due to more people being at home, but a 4% decrease was recorded. This could have been due to a cold and wet April with little outdoor water usage. There are sometimes consumption variations of 3% due to weather. There has since been a rebound in demand at the water treatment plant. Mr. Schimmel noted is important to remember that May is only one data point.

Mr. Schimmel reported that wholesale customers are mostly comprised of residential users. It was anticipated that usage would remain even but there was a 7% decrease, which is most likely attributed to a wetter than average month. A 5% rebound is projected in May with a return to normalcy in June.

Mr. Schimmel continued that municipal users account for 2% of total revenue, and the assumptions for the initial proposed budget was that municipal use would decline by 90% in April and May and rebound to 75% in June. Data shows that there was a 63% reduction in April. Municipal consumption tends to taper in June, but rebounds when parks become more active. The June data will be important to know whether the decline represents a one-time drop or a trend.

Commissioner Otero asked if the rebound in industrial use is enough to offset the loss of residential and wholesale consumption. Mr. Schimmel responded that the rebound in industrial use is enough to positively impact the rates for retail customers in Springfield and Ludlow. There is some difference between demand and billing trends since there are different rate structures for classes of customers, but in general the trend in more demand is good news for all customers in terms of the rates.

Mr. Schimmel continued that the actual June data needs to be plugged into the modeling. Receivables are also a big factor in terms of cash flow. Cash flow is down due to a postponed shutoff program and suspended late fees, as well as making payment plans longer and more accessible. There is currently a 6% increase in receivables compared to the three-year average, representing \$4.5 million, and a 16% increase from March. Receivables over 60 days have increased by over 32%. This number is expected to increase without notices and shutoffs, which help control outstanding receivables. The main goal at this point is to assist customers that may be experiencing hardship due to the pandemic.

Mr. Guz asked if small businesses would be able to enter into payment plans. Mr. Pellegrino responded yes. Account history is also not being taken into consideration as it normally is. Mr. Schimmel added that it was understood that the Board would re-adopt the shutoff program, but not before there is an understanding of the pandemic's impact on the community and the potential for government bailouts/stimulus.

Commissioner Otero asked if the life of payment plans could be extended by a few months to help reduce the monthly amount. Mr. Schimmel responded yes. Each payment plan is addressed on a case-by-case basis. Usually if a payment plan has been defaulted on in the past two years, a customer cannot receive a payment plan, but that requirement is currently waived.

Commissioner Otero asked when the revised rates would be known.

Mr. Schimmel replied that the adjusted proposed rates will be available by June 1, since May data will be needed for modeling. Based on the trends, the proposed rates should be lower. However the initial steep declines still had an impact of millions in revenue.

Commissioner Otero asked about the customer assistance program and senior discount. Mr. Schimmel responded that there is about \$600,000 budgeted for the customer assistance program. The program was in development before the pandemic. Based on current data, 5,000 households could potentially meet the eligibility criteria for customer assistance. The program will be directed towards homeowners since renters do not usually pay the water/sewer bill. The senior discount, which is currently tied to the meter charge, will also increase to help seniors on fixed incomes.

Mr. Guz asked if the CAP could be ready to present to the Commission in July. Mr. Schimmel responded that due to the size of the program, it is more likely to get off the ground in the fall. Staff have spoken with other utilities about their customer assistance programs. Mr. Guz suggested that implementation included setting up hours across different parts of the city to help people apply. Mr. Guz cited current guidelines for the federal heating assistance program, for which a family of 2 or 3 making \$46,400 and \$57,363, respectively, are considered in need of assistance. Mr. Guz commented that the customer assistance program is expected to assist a number of households in the city.

Commissioner Rodriguez asked if there had been many inquiries for payment plans. Mr. Pellegrino responded that there have always been payment arrangements, and requests for payment arrangements have continued to come in.

Mr. Schimmel added that the heating assistance program applies to renters, but clarified that renters do not typically pay water/sewer bills. Heating assistance programs typically are limited in funding and distributed on a first-come, first-serve basis. The Commission already offers payment arrangements, which many utilities do not have.

Commissioner Otero requested a marketing plan when the customer assistance program is presented. Mr. Pellegrino responded that mail stuffers would be utilized as well as many other outlets. Commissioner Otero requested that community organizations where people receive their information also be utilized.

Mr. Schimmel read a proposed revision to the *Rules and Regulations* increasing the Allowance Program Discounts (including senior discounts) from \$33 per year to \$75 per year.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ**

COMMISSIONER OTERO: to approve the increase to the Allowance Program Discount from \$33 to \$75.

Commissioner Otero offered the opportunity for callers listening in on the meeting to provide comment. No comments were voiced.

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

Mr. Guz explained that votes taken in March suspended shutoffs, late fees, and postings until June 1. The Board also voted in March to allow payment arrangements for those with past defaults. Mr. Guz recommended extending the date to August 1.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ**

COMMISSIONER OTERO: to extend the amendment of the *Rules and Regulations* Chapter 4.3.1-5 until August 1, 2020.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ**

COMMISSIONER OTERO: to extend the amendment of the *Rules and Regulations* Chapter 5.15.4 and amend Chapter 4.2.1 part 9 of the *Rules and Regulations* until August 1, 2020.

12. Consideration of 39th Supplemental Resolution Authorizing the Issuance of a 2020 Bond Anticipation Note – Series A (\$109,044,592): Report by Commission Counsel.

Mr. Guz reported on the 39th Supplemental Resolution, which would increase borrowing authorization amount to \$109,044,592. This reflects the increase provided by the Clean Water Trust for the payment of expenditures related to the York Street Pump Station project. This amount is increased from the previous \$89 million and continues to allow the Commission to issue notes and access Clean Water Trust financing at 0% interest until the July 11, 2022 maturity.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ
COMMISSIONER OTERO:**

to approve the 39th Supplemental Resolution Authorizing the Issuance of a 2020 Bond Anticipation Note – Series A (\$109,044,592).

13. Consideration of Termination of Contract with R.H. White for Bulk Chemical Storage and Chlorine Building Improvements: Report by Executive Director.

Mr. Schimmel explained that as referred to earlier, the Bulk Chemical Storage and Chlorine Building Improvements project was designed, bid, and awarded just as the pandemic started. No substantial work had been completed. Cancellation of the project will result in limited monetary damages. It was determined that the potential exposure of outside contractors to the operators and lab staff was too great a risk, particularly because there are not many of these personnel in the industry in general. In addition, the pilot plant is indicating that different coagulants may be more effective for treatment. Since a different type of coagulant may need different storage, Mr. Schimmel stated it makes sense to cancel this project until that information is known. In addition, this project could be rolled into additional projects for stimulus funding or a design-build package.

Commissioner Otero asked if the contract was written in a way that allows for cancellation.

Mr. Guz replied that there is a convenience termination clause in the contract that allows Commissioners to terminate the contract and set forth damages allowed for the contractor. Attorney Lieter and Mr. Guz have reviewed the provisions of the contract.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ
COMMISSIONER OTERO:**

to authorize termination of the contract with R.H. White for the Bulk Chemical Storage and Chlorine Building Improvements project.

14. Consideration of Design-Build Services Procedures: Report by Executive Director.

Executive Director Josh Schimmel reported on potential new design-build procurement procedures, similar to those on the wastewater side. These procedures allow for alternative project delivery that could be utilized in the future. The procedures would allow for more partnership-type projects, where the design and construction teams are a joint venture. This has been used successfully on the wastewater side. There are several methodologies that could be utilized, including traditional design-bid-build, design-build, and construction-manager-at-risk. The benefit is these procedures would allow room for creative solutions, partnerships, and different components could be started at varying times. Pipeline projects would

probably stick with design-build, but facilities project would benefit from more creativity and phased implementation of construction.

Mr. Schimmel noted that the different project delivery options would be presented to Commissioners for a vote before proceeding.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ**

COMMISSIONER OTERO: to adopt design-build services procedures as presented.

15. Consideration of Design-Build Services for West Parish Filters: Report by Executive Director.

Executive Director Josh Schimmel reported that the design-build procedures as approved by the Commissioners need to be submitted to the Inspector General's office for approval for the upcoming clearwell and backwash pump replacement project. The project has been awarded a \$15 million State Revolving Fund loan that makes the project primed for potential stimulus funding.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ**

COMMISSIONER OTERO: to approve the findings of the executive director for using the design-build delivery method for the West Parish Filters Clearwell and Backwash Pump Replacement Project, and to authorize the Executive Director or his designee to apply for approval with the Office of the Inspector General.

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

Mr. Schimmel reported that the pandemic impacts are continuing and the Board will continue to be updated on any changes to operations.

Director of Water Operations Jim Laurila reported that there was a critical problem at West Parish Filters on Sunday May 10, when a 30" backwash valve actuator became inoperable. If a backwash valve cannot be closed within a certain amount of time, none of the filters would be able to be backwashed within 10 hours. A senior operator, lead foreman, and mechanic reported to the plant at 3:30 AM and struggled with the actuator until 7 AM. R.H. White was called to assist. By 8 AM, staff were able to manually close the valve to isolate filter 2. The plant now has a maximum output capacity of 50 MGD, down from 60 MGD. The valve was closed using pipe wrenches. Actions are being taken as quickly as possible to fix the actuator through rapid procurement. The lead time for a contract is approximately two weeks. The impact is a reduction in capacity for the rapid sand filters. Slow sand filters 9 and 10, both built in 1925, are being put online through the bottom drain in case they are needed. Slow sand filters result in less removal of DBP precursors. The next regulatory sampling for DBPs is at the beginning of June. The goal is to

keep the slow sand filters ready but offline. There is a greater need for 12 actuators, and the project is proposed for FY21.

Mr. Schimmel explained that the slow sand filters are 95 years old, and they are not used unless needed, such as in a situation like this or a drought. Mr. Schimmel commented that using 95-year-old technology illustrates the necessity of the capital program. The failed actuator provides another example of how outmoded technology can place the entire system at risk, even when the infrastructure was scheduled to be replaced. There is a constant challenge in balancing maintenance needs with budget realities, and the capital program includes only critically important projects.

Commissioner Otero asked for the timeline on the actuator replacement. Mr. Laurila replied that the actuators should be delivered in two weeks and take two weeks to install.

Commissioner Otero asked if the actuators could be procured differently. Mr. Laurila replied that the value of the actuators meant that regular procurement laws did not cause any delay. Mr. Schimmel added that other utilities can be contacted to see if they have an extra actuator available. Commissioner Otero thanked staff for doing anything that reduces the risk of failure at the plant due to the actuator.

Mr. Schimmel reminded Commissioners that the public hearing for the FY21 budget will be on Tuesday, June 2 at 6 PM.

The next regular Commission meeting will be on Wednesday, June 17, at 9 AM.

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

Discussed in executive session.

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

None considered.

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

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

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