



Established

1996

SPRINGFIELD WATER AND SEWER COMMISSION

POST OFFICE BOX 995
SPRINGFIELD, MASSACHUSETTS 01101-0995
413-452-1300

SPRINGFIELD WATER AND SEWER COMMISSION

Minutes of Meeting

June 17, 2020

The Springfield Water and Sewer Commission held a virtual meeting on June 17, 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 9:03 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, Not Present
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
Ryan Wingerter, Deputy 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 May 14, 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 LEONARD
COMMISSIONER OTERO:**

to approve the minutes of the meeting held on May 14, 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 May 14, 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 LEONARD
COMMISSIONER OTERO:**

to approve the minutes of the executive session held on May 14, 2020, without reading, because copies have been furnished to each member of the Commission for their review.

Old Business

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

Item tabled.

New Business

4. Recommendation for Release of Stabilization Fund for FY 2021 Budget: Report by Executive Director.

Executive Director Josh Schimmel reported that a transfer of \$1.8 million from the Stabilization Fund to the revenue fund would enable the use of that amount as a source of funds in the fiscal year 2021 budget. The purpose of the Stabilization Fund transfer is to offset costs and reduce the impact to water and sewer rates.

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

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

to approve the release of \$1.8 million from the Stabilization Fund for the FY 2021 budget.

5. Certification for Fiscal Year 2021: Report by Director of Finance.

Director of Finance Domenic Pellegrino reported that he has reviewed the proposed Operating and Capital budgets and the proposed Schedule of Rates, Fees, Charges, and Penalties as set forth in Chapter 5 of the Rules and Regulations. Mr. Pellegrino reported that he is obligated under the Commission's bond resolution to certify that revenue can meet the proposed O&M and capital budgets.

6. Consideration of the Proposed Revisions to the Commission Rules and Regulations, Excluding Chapter 5: Report by Director of Finance.

Mr. Pellegrino reported on proposed revisions to the Commission's Rules and Regulations, extending from Chapters 1 through 4.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO:

to approve and accept the proposed revisions to Commission Rules and Regulations Chapters 1-4 as presented.

7. Consideration of the Proposed Schedule of Fees, Rates and Charges: Report by Director of Finance.

Mr. Pellegrino reported on proposed changes to Rules and Regulations Chapter 5, which is the Schedule of Rates, Fees, Charges and Penalties.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO:

to approve and accept the proposed revisions to Commission Rules and Regulations Chapter 5 as presented.

8. Consideration of Proposed FY 2021 Budget: Report by Comptroller.

Comptroller Anthony Basile reported the O&M budget for FY21 is \$77,944,061, which is necessary to carry out water and sewer services for FY21. A rate increase of 9.5% is required to meet that budget. After the initial proposed rate increase in May, a number of adjustments and cost-cutting measures were adopted. These included no cost-of-living increases; eliminating vacant positions; delaying additional positions; cutting the OPEB contribution in half; and eliminating or delaying purchases and services such as tree cutting, wastewater treatment plant upgrades, chemical storage upgrades, and vehicle purchases, which totaled \$5 million in budget reductions.

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

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

to approve the FY 2021 budget.

9. Consideration of the Proposed FY 2021 Capital Improvement Program Budget and the Three Year Capital Improvement Plan for Fiscal Years 2021-2023: Report by Director of Finance.

Mr. Pellegrino reported that the one-year CIP budget for FY21 is \$26,005,000. The budget was revised to encompass some of the adjustments mentioned previously by Mr. Basile.

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

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

to approve the FY 2021 Capital Improvement Program Budget and the Three Year Capital Improvement Plan for Fiscal Years 2021-2023.

10. Financial Update: Report by Comptroller.

Mr. Basile reported that there was ending cash of \$108.9 million in May, which is a \$14.8 million increase due to the issuance of the bond in November. Increased cash represents reimbursement for previous spending on multiple projects with bond funding.

The O&M budget will be expended at 94%, which is a change from last month due to a temporary hiring freeze. Most capital expenditures are related to the river crossing project, with \$41.4 million spent to date. There is still \$132.3 million appropriated funding to be spent in the capital budget.

There was \$84.5 million in total revenue, which represents a \$2.2 million negative variance based on original estimates. At the start of the pandemic, it was estimated there would be a variance of \$4.5 million.

There was \$108.9 million in cash, 25% of which remains unrestricted. There is \$5.5 million in receivables outstanding, \$2.2 million of which is over 60 days old. There was \$572.1 million in total assets, and \$401 million in liabilities, \$280 million of which is long-term debt.

Commissioner Otero thanked Mr. Basile for outlining the \$5 million in cuts that were made to the proposed budget.

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

Mr. Pellegrino reported that there was \$5 million in receivables in May, which is an 18% increase from last year, and significantly higher when compared to the three-year average. Mr. Pellegrino expects receivables to continue rising. Mr. Pellegrino reported that receivables over 60 days old totaled \$2.2 million, which is a 72% increase over both last year and the three-year average.

Mr. Schimmel noted that the trend in receivables was being closely tracked, and increases are likely due to waiving shut-offs and late fees. Increasing receivables could present a cash flow issue.

Commissioner Otero asked if there is an increase in requests for payment arrangements. Mr. Pellegrino responded no, but that he expected to see more requests when the shutoff program returned. Customers are currently not receiving advisory letters about high balances and potential shutoffs. Mr. Pellegrino noted that there are 6,647 accounts with over-60-day balances compared to 5,500 last year, and the increase is a 19% positive change over the three-year average.

Mr. Pellegrino reported that there were 26 credits issued for a total of \$3,355.30.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO: to approve credits in the amount of \$3,355.30.

12. Consideration of CDM Smith Work Order 17A-20 Provin Tanks Construction Support Amendment No. 1: Report by Chief Engineer.

Chief Engineer Bob Stoops reported that work on the Provin tanks was proceeding well. Tank 2 was returned to service on Friday June 12, and the project is substantially complete. Northern Construction and CDM are seeking a \$52,600 amendment for added resident engineering time due to how long it took to drain the tanks and time associated with addressing bank erosion with the Agawam Conservation Commission. The additional funds will be directed from another project that was under-budget by \$135,000.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO: to authorize the executive director to approve and execute CDM Smith Work Order 17A-20 for Provin Tanks Construction Support Amendment No. 1.

13. Consideration of Extension for Kleinfelder Contract CA-1502-15: Report by Director of Wastewater Operations.

Director of Wastewater Operations Bill Fuqua reported on a proposed extension of a professional services contract for a second and final year. Mr. Fuqua reported that Kleinfelder is providing excellent service and consulting expertise, particularly in the procurement of wastewater services for next year, and is maintaining its current billing rates. Mr. Fuqua recommended extending the contract for a final year. Mr.

Schimmel added there is a provision for escalation allowed in the contract, but staff requested all consultants to maintain their rates in light of the current budget constraints.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO: to approve Extension for Kleinfelder Contract CA-1502-15.

14. Consideration of Contracts for Attorney Chadwell, Peter Karalekas, Attorney Bruce Leiter, Attorney John Liebel, Murphy McCoubrey, and Attorney Peter Murphy: Report by Commission Counsel.

Commission Counsel Norm Guz reported on the proposed extension of several professional and legal consultants for FY21. Mr. Guz reported that Mr. Karalekas provides consulting on water operations; Mr. Leibel provides legal services for damage claims; Mr. Murphy provides legal services for labor and employee relations; Mr. Chadwell provides legal services for workers compensation; Mr. Leiter provides legal services for bid protests and public construction contracts; and Mr. Guz of Murphy McCoubrey provides general legal counsel. All consultants have agreed to remain their rates the same as last year.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO: to approve contracts for Attorney Chadwell, Peter Karalekas, Attorney Bruce Leiter, Attorney John Liebel, Murphy McCoubrey, and Attorney Peter Murphy and to authorize the executive director to sign them.

15. Consideration of Third Amendment to Water Supply Agreement with Longmeadow: Report by Commission Counsel.

Mr. Guz reported on a third amendment to the contract with the Town of Longmeadow for their water supply. Additional time is needed for staff to sort ownership of infrastructure and accounts along the border. The amendment would extend the terms of the contract to June 30, 2021.

Mr. Schimmel added that there has been a long-running history of incorrectly billed accounts, and staff will sort out the responsibility for infrastructure and accounts before June of next year.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER OTERO: to approve the Third Amendment to the Water Supply Agreement with Longmeadow as presented and to authorize the executive director to sign.

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

Executive Director Josh Schimmel reported that all field crews are back at work and doing full operations and maintenance of the water and sewer systems. There is still some staggering of crews at West Parish Filters, but all are working. Leadership is currently working on a return to work plan, and Mr. Schimmel reported he has consulted with other utilities on their current plans and practices. Many utilities are struggling, especially with a limited number of licensed operators. Mr. Schimmel commended the leadership team on the return to work preparations. Staff continue to have weekly or biweekly all-staff meetings with over 150 people in attendance.

Mr. Schimmel noted that the City of Worcester is currently experiencing a failure of a 30" valve, and the Commission is able to provide the part through mutual aid. Mr. Schimmel commented that failing water infrastructure is a problem across the country due to underinvestment, and the Commission is not alone in facing it. Mr. Schimmel thanked the Commissioners for their input and support through the budget-setting process.

Mr. Guz reported that the Commission closed on a \$102 million bond anticipation note with the Clean Water Trust for the river crossing project. The bond anticipation note allows the Commission to expend funds for the project at 0% interest and not tap into reserves.

Mr. Guz reported that the Commission received comments from some City Council members to utilize more of the Stabilization Fund. Mr. Guz noted that the Stabilization Fund was adopted to minimize rate increases due to sudden drops in consumption, which is what the Commission voted on today. A balance needs to be maintained in the Stabilization Fund due to ongoing concern that the Commission's largest customer continues to decrease consumption and could shutter business again or permanently. The use of the Stabilization Fund and cost-cutting measures are key to stabilizing rates. The Commission will continue to utilize the Clean Water Trust and its low rates as much as possible. Mr. Guz quoted S&P's concern about the Commission's risk of exposure to declining consumption. Mr. Guz stated that the Commission has done the best it can in responding to the concerns of the public as well as rating agencies in the current circumstances.

Commissioner Otero thanked her fellow Commissioners and noted that she hoped the interest expressed in the Commission's operations and budget by the public and elected officials continues. Commissioner Otero stated that the Commission's mission is not just providing water and sewer service, but also making sure there are no interruptions in service.

Commissioner Leonard agreed with the other statements, and noted that the Commission must never be in a position where it cannot provide water and sewer service.

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

Item tabled.

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

None considered.

Adjourned by unanimous vote at 9:48 AM.



Jaimye Bartak, Secretary