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## SPRINGFIELD WATER AND SEWER COMMISSION

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### SPRINGFIELD WATER AND SEWER COMMISSION

#### Minutes of Meeting

March 28, 2019

The Springfield Water and Sewer Commission held a meeting at the John J. Lyons Administration Building, Agawam, MA, on March 28, 2019.

Chairman Daniel Rodriguez called the meeting to order at 9:05 a.m. and Commission Secretary Jaimye Bartak called the attendance roll:

William E. Leonard, Present  
Daniel Rodriguez, Present  
Vanessa Otero, Present

#### Also Present

Joshua Schimmel, Executive Director  
Norman J. Guz, Commission Counsel  
Anthony Basile, Comptroller  
Domenic Pellegrino, Director of Finance  
Bob Stoops, Chief Engineer  
Stephanie Douglass, Human Resources Manager  
James Laurila, Director of Water Operations  
Dan DiRienzo, Director of Field Services  
Scott Loomis, Procurement Officer  
Bruce Leiter, Attorney for the Commission  
Jaimye Bartak, Communications Manager/Secretary of the Commission

#### **Business Matters**

1. Approve the minutes of the meeting held on February 21, 2019, 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 UNANIMOUSLY:** to approve the minutes of the meeting held on February 21, 2019, without reading, because copies have been furnished to each member of the Commission for their review.

#### **New Business**

2. Financial Update: Report by Comptroller.

Comptroller Anthony Basile reported \$87 million in cash. Approximately \$7.5 million in cash was withdrawn from reserves as advances for bonded projects.

The operating budget is projected to spend out 97% of the total budget. There is an unexpended \$1.8 million in personal service and salaries due to vacancies. There may be a future request to transfer this funding into OPEB.

There is \$13.4 million expended in the capital budget, with \$121 million unexpended appropriations in the capital plan. Approximately \$100 million represents the Connecticut River Crossing Project.

There has been \$80.7 million in total revenue projected, \$2.2 million more than was estimated due to power generation and increased water consumption.

The cash trend shows that unrestricted cash is at levels within the financial policies. A total of 75% of cash is restricted.

There were \$5.9 million in total receivables in February. As shutoff season begins it is expected that number will start to decrease.

Total assets were \$437.5 million, and total liabilities were \$272.8 million, which has been consistent month after month.

Mr. Basile also updated Commissioners on the Commission's electricity source. The Commission was recently forced into the default rate with Eversource due to bankruptcy of the previous supplier (Great Eastern). A broker came up with a better price than the Commission had with the previous company, at .081 per kWh versus .093 with Great Eastern, which is a 13% decrease. The new company supplies direct energy and the contract is all-inclusive. The Commission's largest energy user is the treatment plant.

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

Director of Finance Domenic Pellegrino reported that billings were \$6.3 million in February, and outstanding receivables were \$5.3 million.

There were 6,237 accounts with receivables over 60 days old, representing just under \$1.7 million. Postings for shutoff due to unpaid accounts over \$200 began this week, and actual shutoffs will begin April 9.

There were 50 credits issued in February in the amount of \$6,115.37.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO VOTED UNANIMOUSLY:** to approve credits in the amount of \$6,115.37.

4. Consideration of CIP Amendment 2019-15: Report by Director of Finance.

Mr. Pellegrino reported that accounts were being cleaned up as the capital plan was developed. Seven projects are complete and \$1.7 million can be transferred to the reserve account. Some accounts will not be closed but there are excess funds that can be used for other projects.

Executive Josh Schimmel added that excess funding for projects (due to bids coming in lower than expected) scheduled for the next fiscal year can be moved into this fiscal year in order to relieve rates.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO VOTED UNANIMOUSLY:** to approve CIP Amendment 2019-15.

5. Consideration of CIP Amendment 2019-16: Report by Director of Finance.

Mr. Pellegrino explained that the amendment was requested in anticipation of three watershed properties becoming available for purchase. There is \$558,000 in the account, and an additional \$797,000 from the CIP Reserve account will bring it to \$1.3 million.

Commissioner Rodriguez noted that this was not a vote on the land acquisition, but such a vote could not occur unless there were funding available in the account.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO VOTED UNANIMOUSLY:** to approve CIP Amendment 2019-16.

6. Consideration of CIP Amendment 2019-17: Report by Director of Finance.

Mr. Pellegrino reported that for the new FY19 Cobble Alternative Outlet Evaluation project, other accounts were identified that could provide funding. Commissioner Rodriguez asked why funding from the other accounts should not be moved to the CIP reserve account. Mr. Schimmel explained that the funds are within the same cost center.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO VOTED UNANIMOUSLY:** to approve the creation of Project ID 004-0033 and CIP Amendment 2019-16.

7. Consideration of CIP Amendment 2019-18: Report by Director of Finance.

Mr. Pellegrino reported that the last two projects from the 2017 revenue bond sale are active, though they are complete. This amendment would reduce the appropriations to close the accounts. The remaining funding will go to revenue because it is bond funding.

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER OTERO VOTED UNANIMOUSLY:** to approve CIP Amendment 2019-18.

8. Update on Bondholders Consent Request of Commission: Report by Director of Finance.



Mr. Pellegrino reported that while the Clean Water Trust did not submit their approval of the reserve requirement removal by the February 14 deadline, the deadline was extended to March 15. A few other approvals came in and the 66 2/3 majority vote was achieved. All bondholders have been notified that the motion has passed, and now there is a 60 day wait period. After that, \$12.2 million will be relieved from the reserve requirement into cash. Moving forward with State Revolving Fund (SRF) projects will save \$42 million over the next ten years.

Commissioner Otero commended staff for achieving that level of savings for ratepayers.

Commission Counsel Norm Guz added that the achievement is a result of the initiative of the executive director, who began a dialogue with the Clean Water Trust. This change will provide huge positive financial benefits. Funding projects through the Clean Water Trust will provide much lower borrowing rates, and debt forgiveness is available based on population growth, median average income, and the unemployment rate.

Mr. Basile noted that there is a large list of projects that will constantly need funding from the \$42 million in savings. These savings help with the capital plan and positively influences the 10-20 year outlook.

Mr. Schimmel added that long-term capital planning started two years ago, and this change provides a much better vision on how to deal with future challenges. The ability to borrow from the SRF and not on the open market is a much less expensive way to invest in infrastructure, and more projects will be able to be funded with cash, which is the cheapest way to fund projects. Project prioritization has been completed through the capital planning process, which will be explained at the CIP meeting. Debt forgiveness from SRF is also available due to Springfield being an Environmental Justice community. This is an incentive that should be utilized, as it can grant relief of 2-10% of the project value.

9. Consideration of Grant Funding for Development of STCC/MWWA Online Water Operator Course:  
Report by Executive Director.

Mr. Schimmel reported on the collaboration between STCC and the Massachusetts Water Works Association (MWWA) to develop an online workforce development program for water operators. Mr. Schimmel accompanied STCC and MWWA to meet with the state board of certification, which has been resistant to online education. The board accepted the online program. The Commission can support the program by utilizing an existing scholarship fund. This funding would be used to translate the existing in-person classroom material to online. The funding request is \$30,000 from this scholarship fund. As part of the online class, there will be micro-internships for hands-on exposure at utility facilities. Other partners include the Boston Water and Sewer Commission and potentially the MWRA, but the Commission is the lead utility organization. Students from anywhere can take the online classes for a fee similar to what MWWA charges now, but it will be free for those enrolled in any community college.

Mr. Guz noted that the scholarship fund has about \$80,000 in it, and the remaining funds could be used to fund actual scholarships.

Commissioner Rodriguez commended the program as “phenomenal.”

**UPON MOTION DULY MADE BY COMMISSIONER LEONARD AND SECONDED BY COMMISSIONER RODRIGUEZ (COMMISSIONER OTERO RECUSED)  
VOTED UNANIMOUSLY:**

to approve grant funding in the amount of \$30,000 for  
Development of STCC/MWWA Online Water Operator Course  
from the Dougherty Scholarship Fund.

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

Mr. Schimmel reported that he would be in Washington, D.C. next week for Water Week to advocate for investment in water infrastructure. Planned meetings include one with Congressman Neal, who will also be invited to a groundbreaking for the Connecticut River Crossing Project in later May. Mr. Schimmel also reported that the state Joint Committee on Environment, Natural Resources, and Agriculture will be invited for an “infrastructure summit” to help educate legislators learn about what water utilities do.

Mr. Schimmel reported that bids for the River Crossing project were high, and will be discussed at the next Commission meeting.

Communications Manager Jaimye Bartak explained the initial outreach and reaction to the first HAA5 public notification, and plans for future public notifications. Commissioner Rodriguez emphasized that it is important that public trust is upheld. Mr. Guz noted that in the wake of Flint, public trust is more fragile.

Mr. Schimmel reported that other communities were in violation for HAA5 last quarter. He explained that the potential for increased HAA5 was not unanticipated, and in preparation bench testing and master planning commenced two years prior. Everything has been done with the plant’s existing technology, but regulations and raw water quality have changed. The Commission’s situation is part of the national story. Commissioner Otero suggested telling that story in an op-ed for area newspapers.

Director of Field Services Dan DiRienzo reported that water and sewer crews have started on restorations, and that water mains will be replaced on Plainfield Street and Fort Pleasant Avenue (in anticipation of a new school).

Human Resources Manager Stephanie Douglass reported that open enrollment for health insurance will start soon, and that she plans to use that opportunity to inform employees of all the benefits available to them. Ms. Douglass reported that she is also working on recruitment for a few full time and several internship positions.

Commissioner Otero asked if there are any projections on the upcoming number of retirements. Ms. Douglass replied that she will meet with the Comptroller soon to figure that out.

Director of Water Operations Jim Laurila reported that the 42” raw water project was starting next week. Rapid sand filter cleaning was completed and filter optimization is ongoing with the scheduled replacement of portions of the media in all six filters with anthracite. Profiling of the reservoir will start when the ice melts. Mr. Schimmel added that profiling the reservoir informs decision making in terms of treatment plan upgrades. Mr. Laurila went on that the results from HAA5 testing appear to be better than the previous quarter, but it may be a while before they return to normal, and that message needs to be part of the communication to the public.

Mr. Basile reported that the budget package will be delivered to the City by the end of April.

The next Commission meeting will be held at 9 AM on Tuesday, April 23, 2019. The CIP review meeting will be held on Wednesday, April 24, 2019.



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

None considered.

12. Consideration of Land Acquisition Offer in Borden Brook Watershed: Report by Water Resources Manager.

**AT 10:20 PM UPON MOTION DULY MADE BY COMMISSIONER OTERO AND SECONDED BY COMMISSIONER LEONARD, THE COMMISSIONERS UNANIMOUSLY VOTED BY ROLL CALL VOTE, Commissioner Rodriguez aye, Commissioner Otero aye, Commissioner Leonard aye to enter into executive session to discuss potential purchase of property located on Beech Hill Road in Granville, and declaring that an open meeting may have a detrimental effect on the negotiating position of the Commission. It was also announced that the Commission would not be reconvening in open session upon conclusion of the Executive Session.**



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Jaimye Bartak, Secretary