



FISCAL YEAR 2021 BUDGET PRESENTATION

Public Hearing | June 2, 2020



Jaimye Bartak

Communications Manager



Welcome

- Please keep your phones and devices muted
- Questions and answers will be taken following the presentation
- Participants on computers or mobile devices may type questions or comments into the Q&A box at any time, or call in (413-261-6430, conf. ID: 566 881 166#) to speak at the conclusion
- Telephone participants will be called on using the last 4 digits of their telephone number to provide an opportunity to speak
- Spanish translation available / Traducción al español disponible
- Questions or comments can also be emailed to info@waterandsewer.org or directed to 413-452-1302 following this event
- If the event is disrupted for any reason, please go to Facebook or Twitter @SpfldWaterSewer where a new link and call-in information will be provided



Agenda

FY 2021 Budget

- **About the Commission and What We Do**
- **Why We Are Here Today - Budgeting Process**
- **Financial Planning**
- **Pandemic Impact**
- **Rates**
- **Customer Assistance Programs**
- **Changes to Rules and Regulations**
- **FY21 Operations & Maintenance Budget**
- **FY21 Capital Investment Program**
- **Questions and Comments**



About the Commission

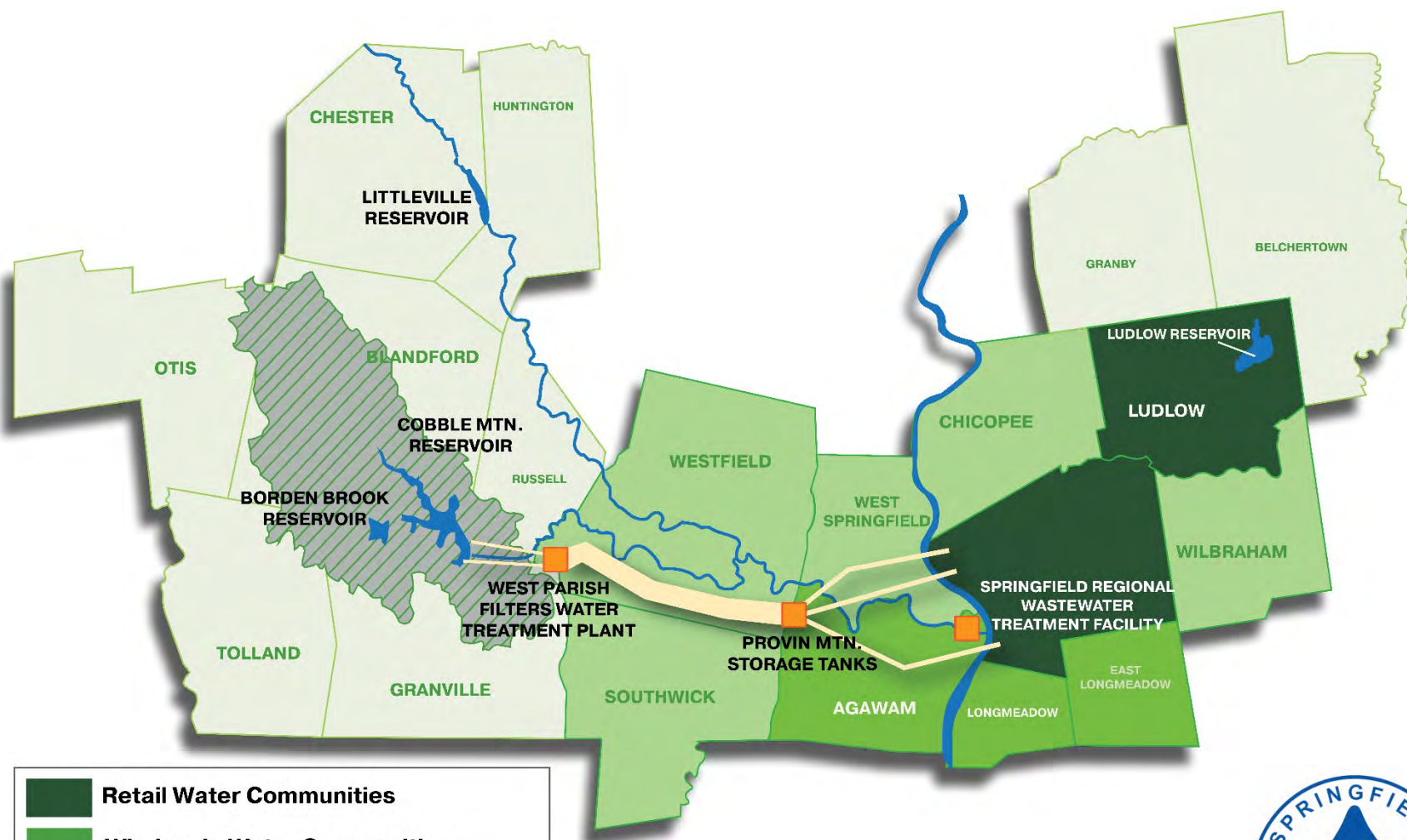
Water and Sewer Service for the Lower Pioneer Valley


- **Independent, public, regional utility established in 1996**
- **Governed by a three-member Board of Commissioners appointed by City of Springfield mayor**
- **Operate and maintain the largest water and wastewater system in Western Massachusetts**
- **Provide retail, wholesale, and peak/emergency water and sewer service to 10 communities**
- **95% of the Commission's revenues are derived from rates and fees (no annual state or federal aid)**



(From Left to Right) Commissioner William Leonard, FY20
Chairwoman Vanessa Otero, and Commissioner Daniel Rodriguez

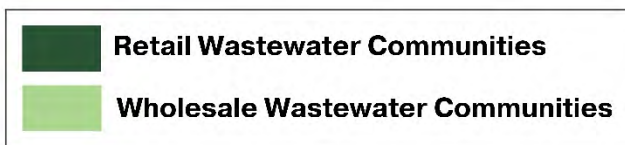
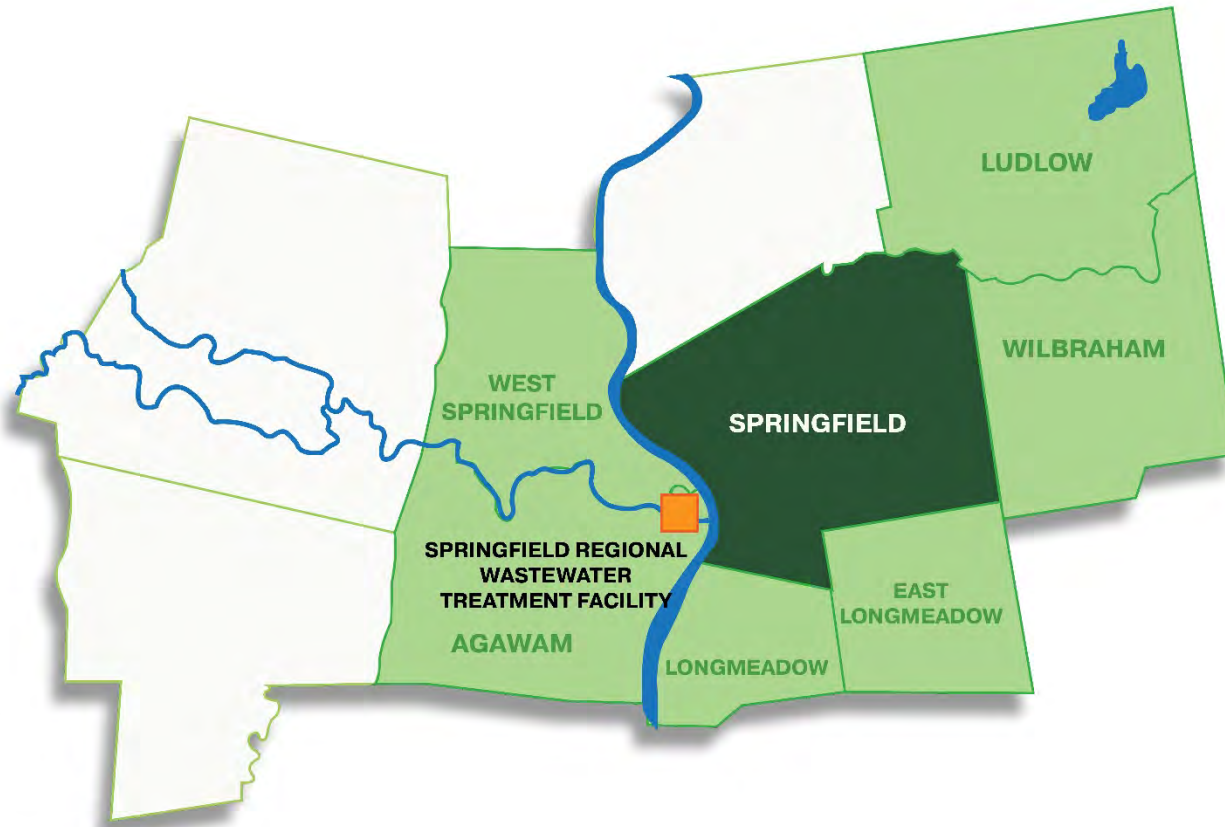
Water System



-  Retail Water Communities
-  Wholesale Water Communities
-  Peak/Emergency Water Communities



Wastewater System



What We Do

Water Stewardship From Raindrop to River

Cobble Mtn. Reservoir



Water Treatment Plant



Transmission, Storage & Distribution System



Discharge to CT River



Wastewater Treatment Plant

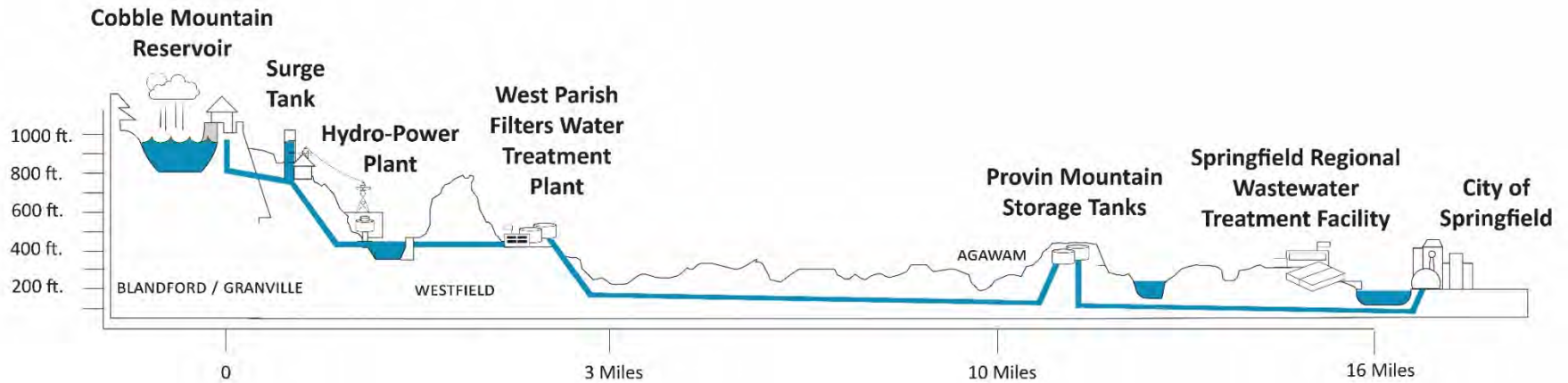


Collection System



What We Do

Infrastructure Spanning Seven Communities



- 18,000 acres water supply forest
- 3 reservoirs
- 2 treatment plants
- 1 power plant
- 597 miles of water pipe
- 470 miles of sewer pipe
- 6,224 hydrants
- 19,765 valves
- 11,422 manholes
- 5 water pump stations
- 27 sewer pump stations
- 23 combined sewer outfalls



Josh Schimmel

Executive Director



Financial Planning

Key to Responsible Stewardship

- **Sound Financial Policies and Practices**

- Leads to budget discipline
- Controlled flexibility for the unexpected
- Strong financial rating - reduced borrowing costs

- **Stabilized and Predictable Rate Increases**

- Ensures rates are justified and put to work

- **Addresses Unprecedented Need for Investment**

- Aging infrastructure – prioritization and sequencing of projects
- Evolving regulations
- New challenges - climate change and cyber security



Financial Planning

Budget Process

Step 1: Develop Annual Spending Budget (\$ Out)

- Forecast line items in Operations & Maintenance budget
- Identify all capital projects 20 years out
- Identify current and projected debt service

Step 2: Forecast Annual Revenues (\$ In)

- Utilize data on changes in demand and customer usage patterns

Step 3: Identify Gaps to Meet Financial Policies and Goals

- Maintain target debt service coverage ratios
- Maintain required and adequate cash reserves

Step 4: Rate Evaluation and Adjustments



Financial Planning

Funding Sources

- **Funding Sources Do NOT Include:**
 - Local taxes, state/federal funding
- **Revenues from Retail and Wholesale Customers**
 - Largest singular source
- **State Revolving Fund**
 - Low-interest loans provided by MassDEP with EPA funding
 - Some debt forgiveness for disadvantaged communities
 - Competitive and limited availability
- **Bond sales**
 - Must be repaid at market rates
- **Grants**
 - Extremely limited but aggressively pursued



Pandemic Impact

Coincided With Budget Process

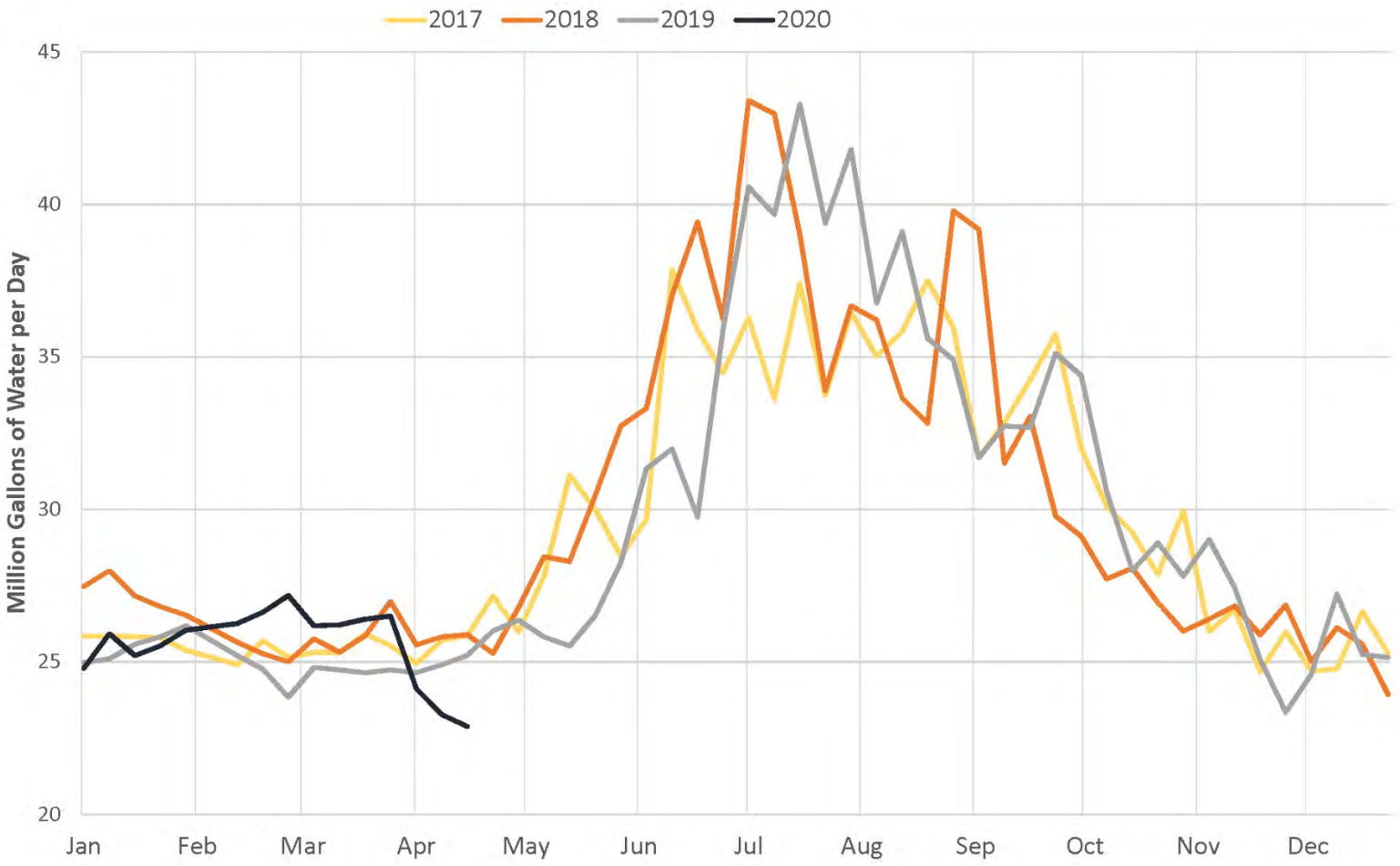
- **Consumption trends dropped sharply as schools, businesses, and industry closed**
- **Revenue trends adjusted based on assumptions made about consumption outlook**
- **Assumptions refined as further data about consumption and billing collected through the pandemic**



Pandemic Impact

Reduced Consumption Recorded as of April 18

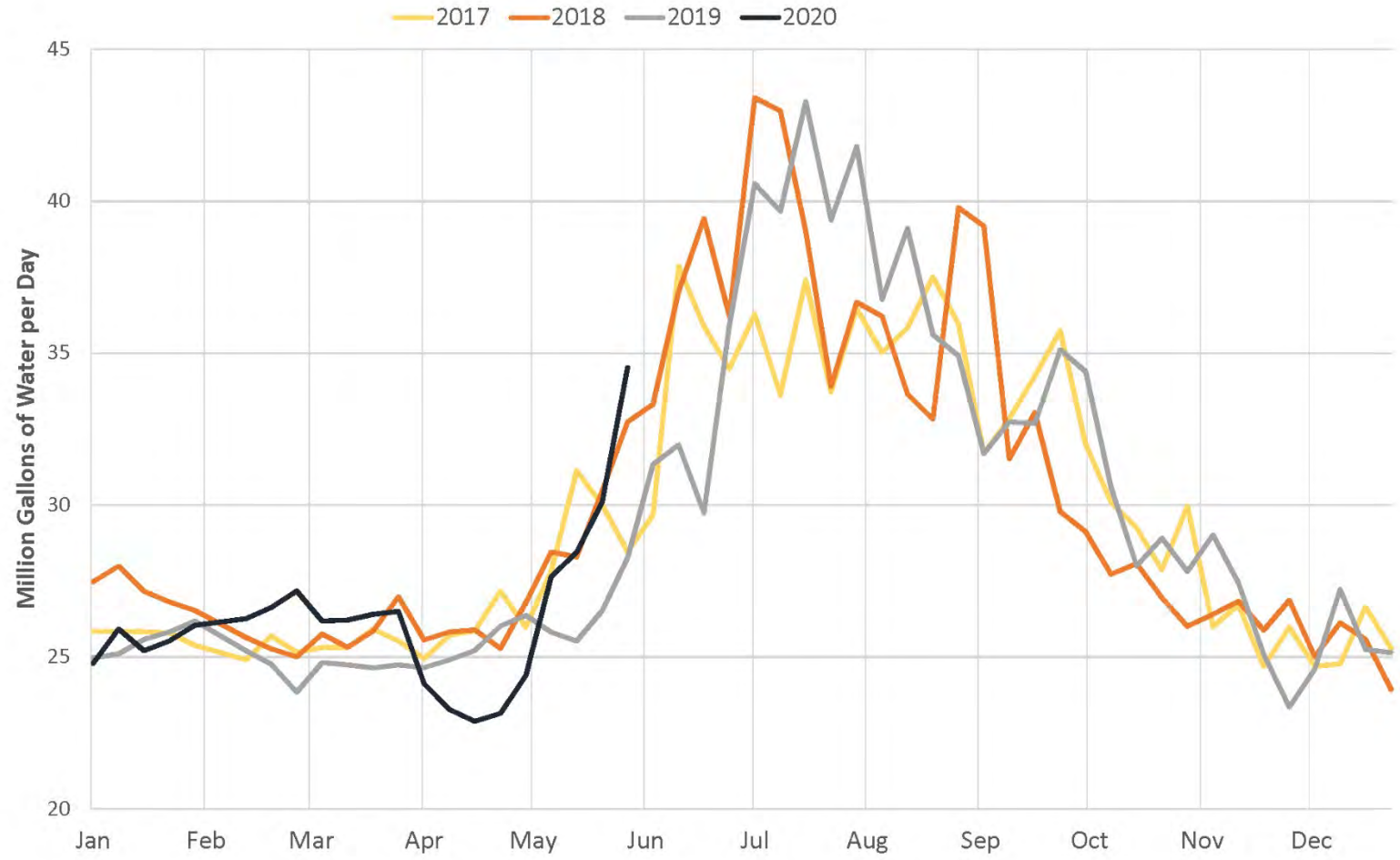
WPF Water Production
2017-2020 Weekly Average



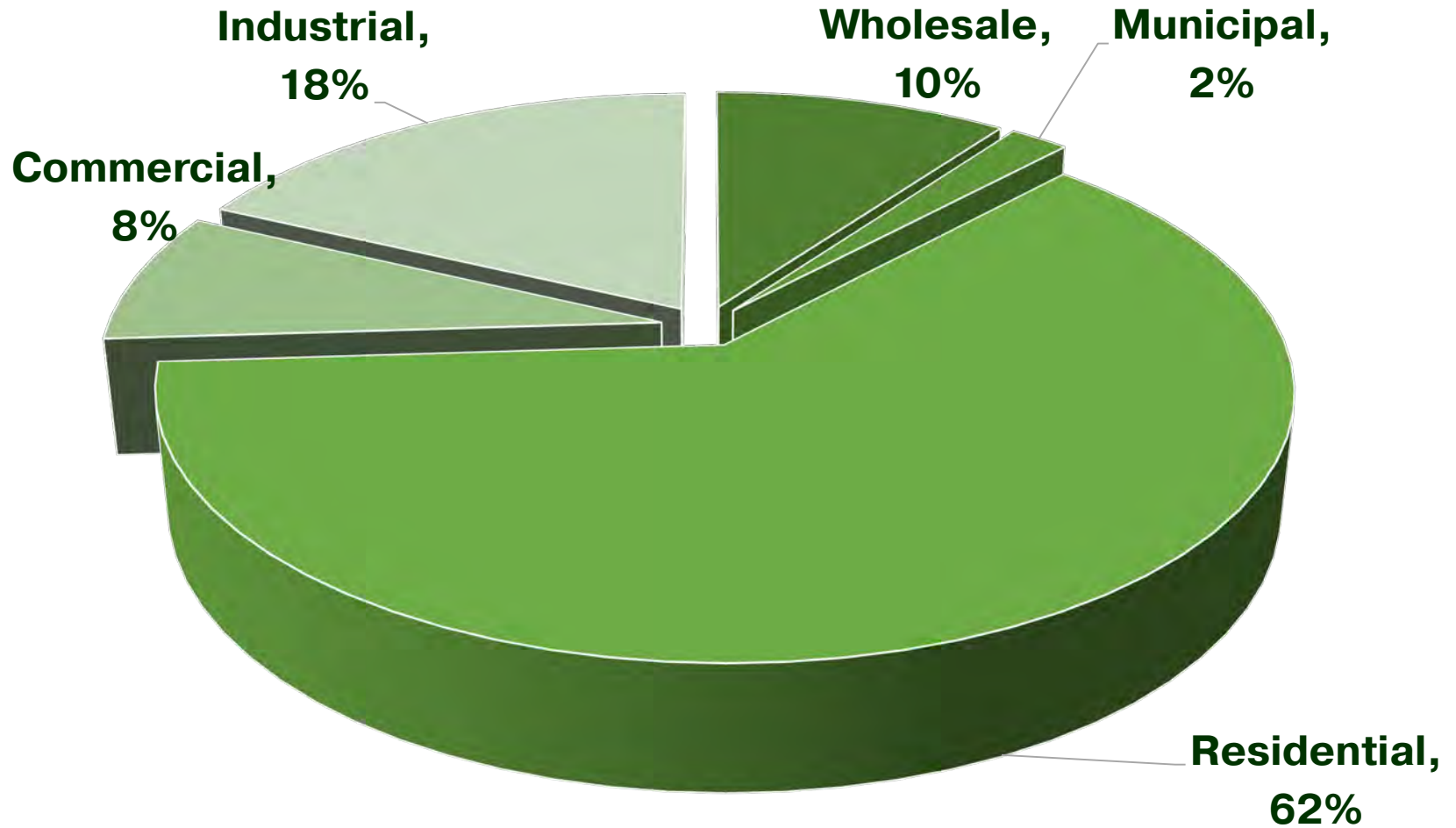
Pandemic Impact

Improved Consumption Recorded as of May 27

WPF Water Production
2017-2020 Weekly Average

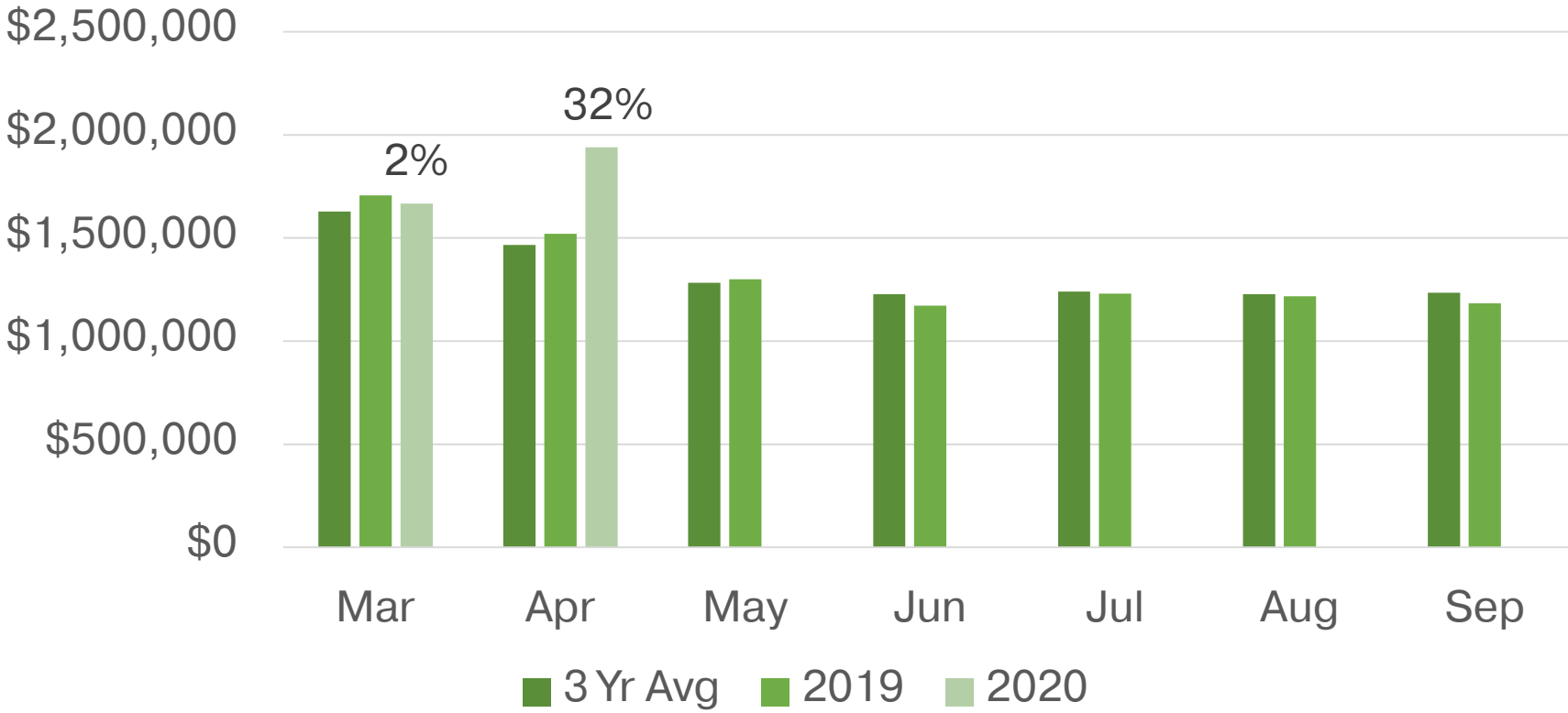


Drinking Water Usage by Customer Class



Financial Impact

Unpaid Bills Over 60 Days Old



Rate Changes in FY21

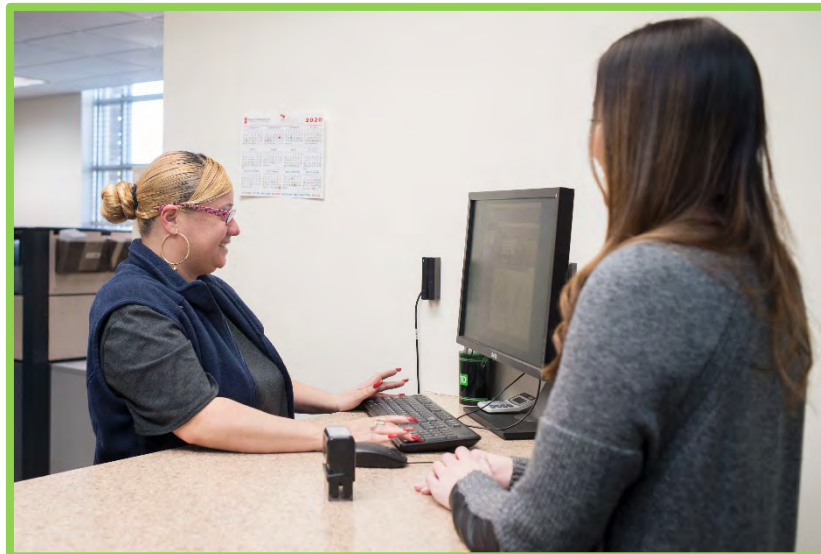
Customer Class	FY 2020	FY 2021 Eff. July 1	% Increase
Water:			
Residential & Commercial	\$3.62	\$3.96	9.5%
Industrial & Municipal	\$2.70	\$2.96	9.5%
Sewer:			
Residential & Municipal	\$5.71	\$6.25	9.5%
Commercial & Hospital	\$6.28	\$6.88	9.5%
Industrial	\$6.85	\$7.50	9.5%
Restaurant	\$7.43	\$8.13	9.5%
Combined Water and Sewer:			
Residential	\$9.33	\$10.21	9.5%
Typical Annual Household Bill	\$1,119.40	\$1,225.75	9.5%
Note: Rates above are for each 100 cubic feet (or 748 gallons) of metered water.			

***Translates into average household increase
of \$8.86/month***

Customer Assistance Program

Existing Programs

- **Discount for Senior/Disabled/Legally Blind Customers**
 - Commission voted to increase monthly discount starting July 1
- **Payment Arrangements with Longer Negotiated Terms**
- **Elimination of Late Fees and Shut Offs Until August 1**



Customer Assistance Program

Proposed Programs

- **One-time annual credit of \$125 to assist households experiencing financial hardship**
- **First-come, first-serve until program is expended each year**
- **For residential customers with accounts for owner-occupied, single-family homes**
- **Based on income eligibility**
- **Expected to assist approximately 4,500 households**



Rules & Regulations Updates

- **Allowance Program Discount for Disabled Persons, Legally Blind, or Seniors**
 - Increased from \$2.75 to \$6.25 per month
- **Meter Replacement or Auxiliary Meter Installation & Removal Charges**
 - Additional charge of \$50 if repair work is needed
- **Shut-off and Turn-on Charges**
 - For water services 4 inches or larger, new charge of \$150 during regular hours and \$225 during non-regular hours
- **Administrative Posting Penalty**
 - \$45 issued if Operations posts property for meter change out request

Current Rules & Regulations Available At:

<http://waterandsewer.org/rules-and-regulations/>

Proposed FY21 Rules and Regulations Available At:

<http://waterandsewer.org/about-the-commission/commission-reports/>



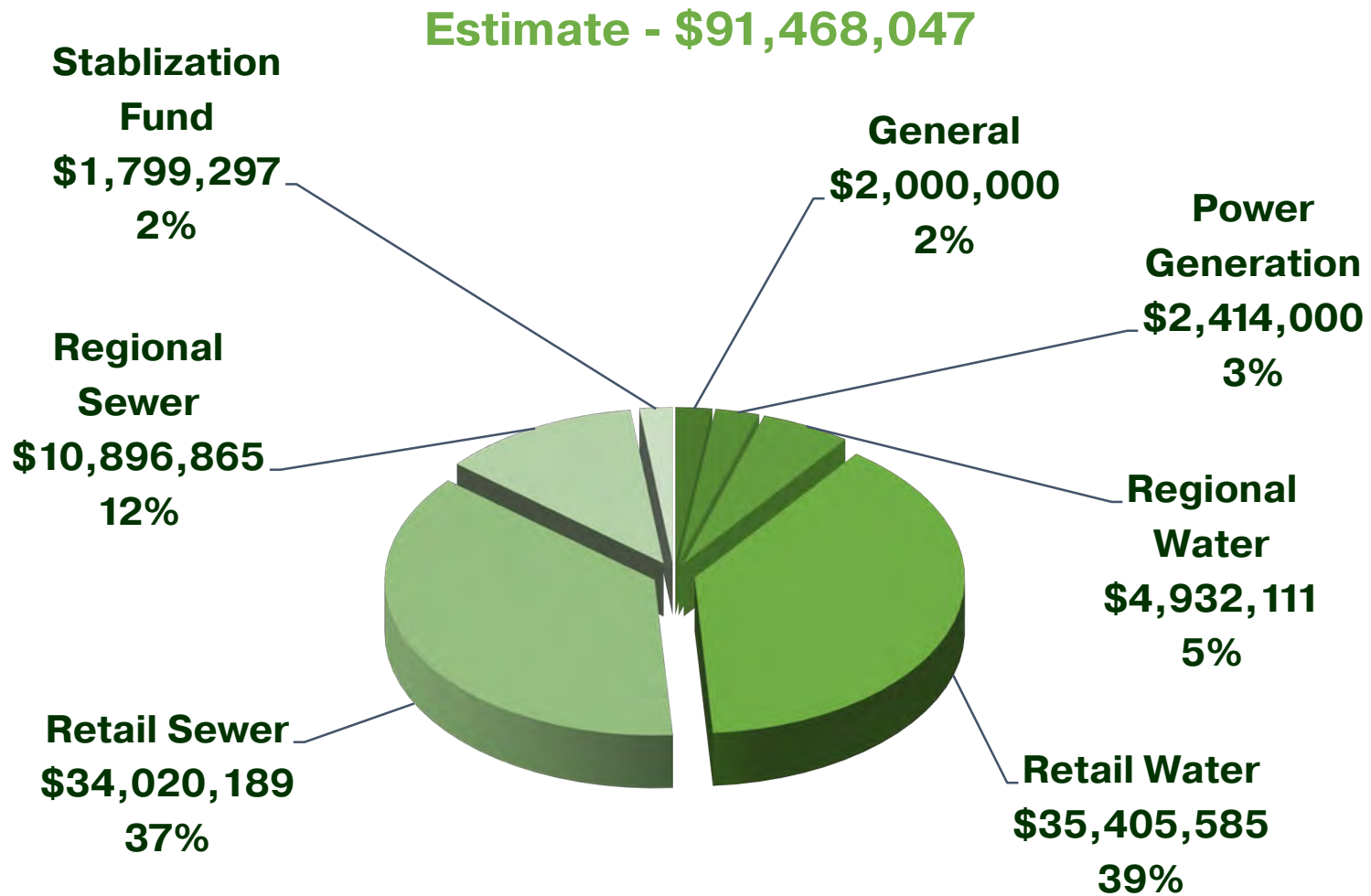
Tony Basile

Comptroller



Required Revenues

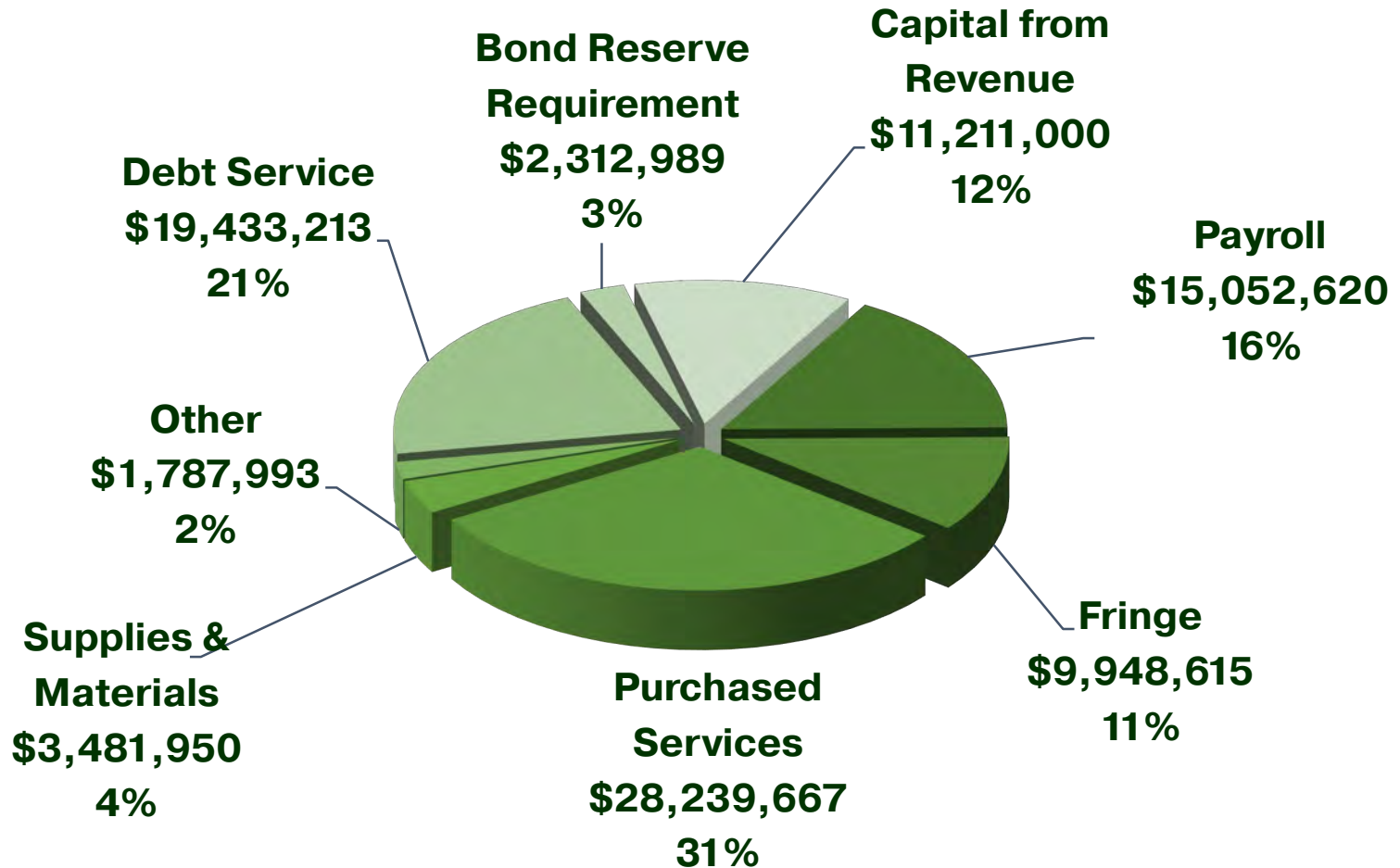
What it Takes to Provide Water and Sewer Services



Total Spending by Category

How Your Rates Are Spent

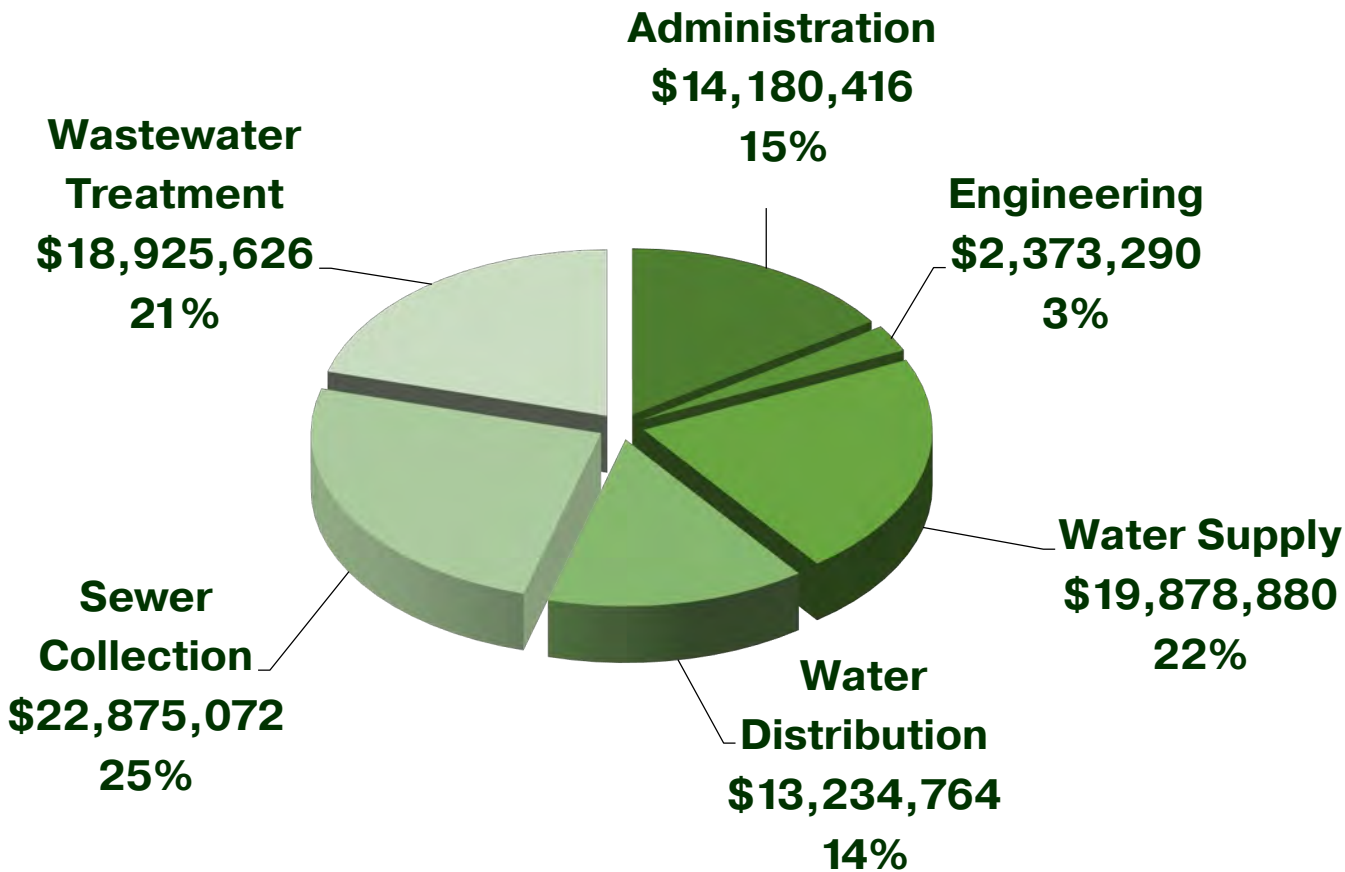
Budget - \$91,468,047



Total Spending by Division

How Your Rates Are Spent

Budget - \$91,468,047

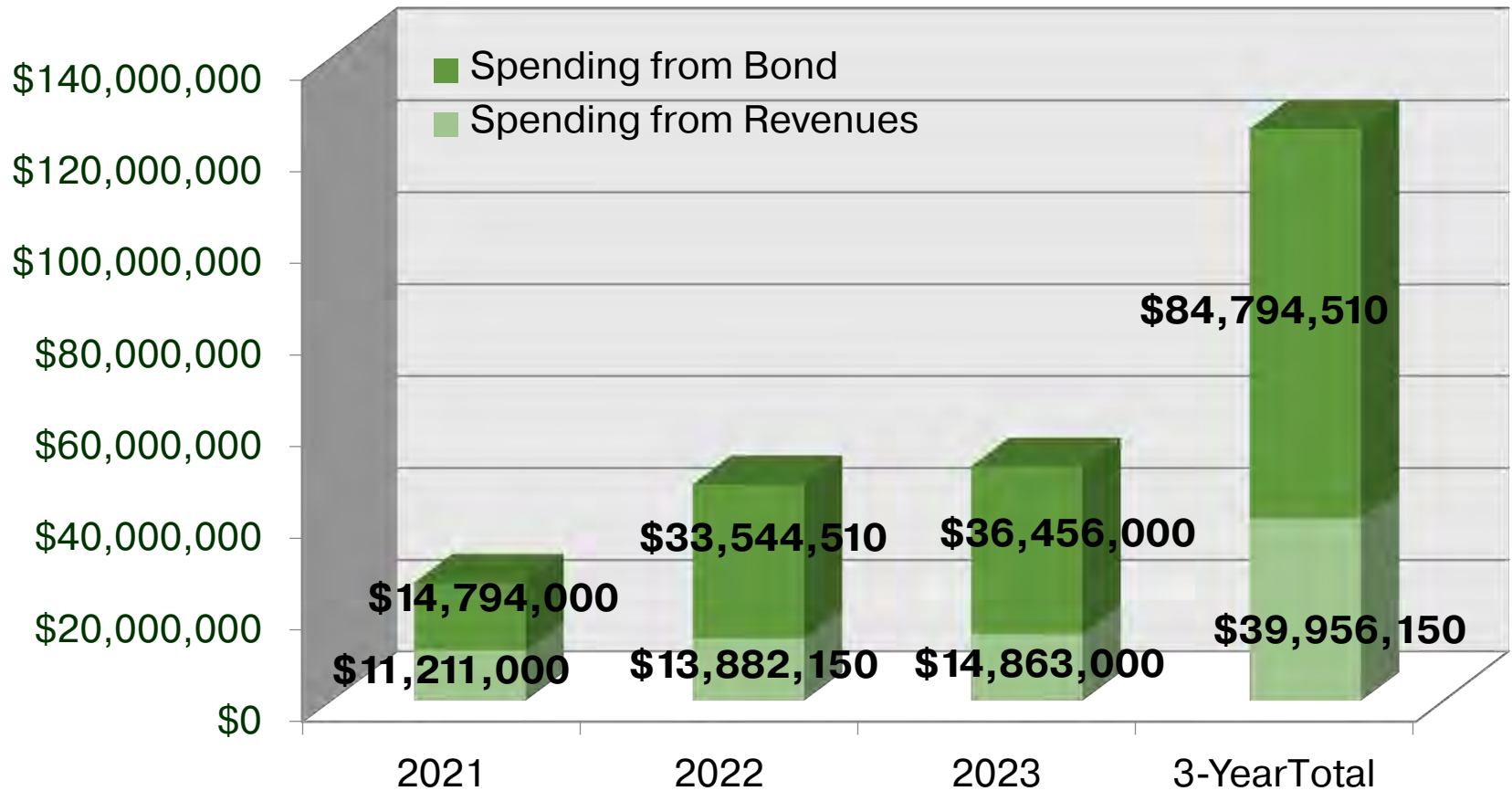


FY21 Operations & Maintenance Budget

Operating Budget	Approved Budget FY 2020	Proposed Budget FY 2021
Operations:		
Personal Services	\$ 15,536,110	\$ 15,052,620
Fringe Benefits	9,761,575	9,948,615
Purchased Services	24,665,944	28,239,667
Supplies and Materials	3,258,200	3,481,950
Intergovernmental	622,611	668,400
Other charges and expenses	550,967	642,543
Capital outlay	496,850	477,050
Loan Service Charge	157,484	477,523
Total Operations	\$ 55,049,741	\$ 58,988,368
Debt Service:		
Principal Payment	11,962,001	12,861,139
Interest Expense	5,396,421	6,094,554
Total Debt Service	17,358,422	18,955,693
Total Operating Budget	\$ 72,408,163	\$ 77,944,061

Three Year Capital Plan

Major Infrastructure Upgrades



Budget Summary

BUDGET SEGMENT	Revenue From Rates Required
Operations & Maintenance Budget	\$ 58,510,845
Capital Improvement Program	\$ 11,211,000
Debt Service	\$ 19,433,216
Reserve Requirement	\$ 2,312,986
Total FY21 Budget	\$ 91,468,047

Capital Investment Program

Critical Projects to Maintain Critical Infrastructure

- **Borrowing and investment is prioritized for projects that address:**
 - Infrastructure at risk of failure
 - Aging or obsolete infrastructure
 - New regulatory requirements
 - Resiliency and changing environmental conditions



Jim Laurila

Director of Water Operations



Water Supply

FY21 CIP Projects

Project Name: **Water Treatment System Improvements**

Project ID: **005-0027**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$200,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **WPF Lagoon Cleaning Design and Engineering**

Project ID: **005-0080**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$206,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **Temporary Clearwell Cover Design and Construction**

Project ID: **005-0081**

Project Schedule: **2020**

FY 2021 Appropriation: **\$80,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **WPF Turbidimeter Replacement**

Project ID: **005-0082**

Project Schedule: **2020 Years**

FY 2021 Appropriation: **\$80,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **Ultrasonic Level Transmitter Replacements**

Project ID: **005-0083**

Project Schedule: **2020**

FY 2021 Appropriation: **\$45,000**

Project Status: **Planned**

Funding Source: **Revenue/Reserves**



Water Supply

FY21 CIP Projects

Project Name: **WPF Washwater Valves Actuators**

Project ID: **005-0084**

Project Schedule: **2020**

FY 2021 Appropriation: **\$117,000**

Project Status: **Planned**

Funding Source: **Revenue/Reserves**



Water Supply

FY21 CIP Projects

Project Name: **WPF Treatment Plant Backwash/Clearwell Construction**

Project ID: **005-0096**

Project Schedule: **2020 - 2022**

FY 2021 Appropriation: **\$5,350,000**

Project Status: **Planned**

Funding Source: **Bond
(non-SRF)**



Water Supply

FY21 CIP Projects

Project Name: **Provin Tank Maintenance and Cleaning**

Project ID: **080-0019**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$160,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name:	Provin Mountain Valve Assessment & Tank Draining Standard Operating Procedures
Project ID:	080-0020
Project Schedule:	2020-2021
FY 2021 Appropriation:	\$127,000
Project Status:	Planned
Funding Source:	Revenue/ Reserves



Water Supply

FY21 CIP Projects

Project Name: **Provin Mountain Valve Rehab Design**

Project ID: **080-0021**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$100,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Bob Stoops

Chief Engineer



Water Supply

FY21 CIP Projects

Project Name: **Dam Maintenance/Various Locations**

Project ID: **004-0007**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$53,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **Intake Dam Rehab**

Project ID: **004-0026**

Project Schedule: **2020**

FY 2021 Appropriation: **\$20,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **Treatment System Assessment & Design**

Project ID: **005-0026**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$100,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name:

Cobble Mountain Bypass/Diversion Tunnel Gate Design

Project ID:

005-0045

Project Schedule:

2020 - 2021

FY 2021 Appropriation:

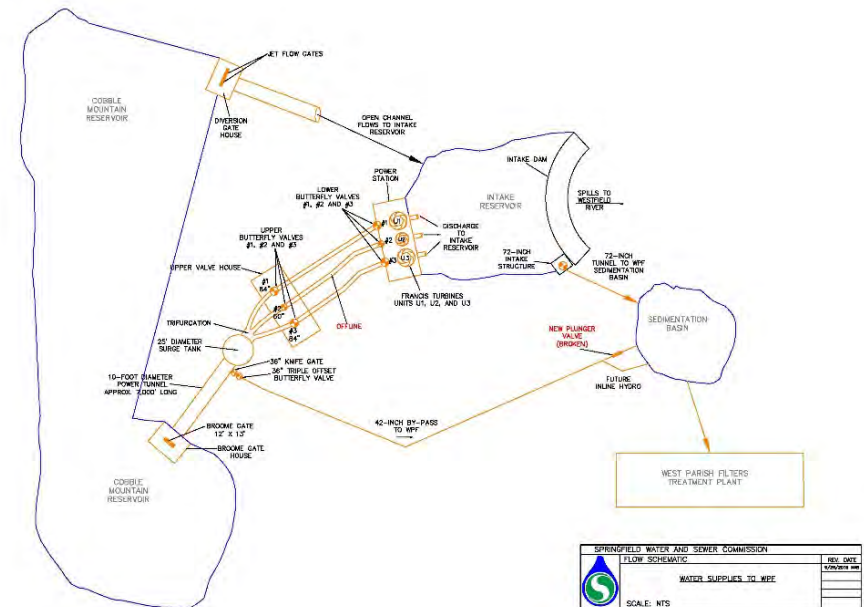
\$255,000

Project Status:

Planned

Funding Source:

**Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name:	Cobble Mtn Bypass & Diversion Tunnel Gate-Construction
Project ID:	005-0046
Project Schedule:	2021
FY 2021 Appropriation:	\$4,544,000
Project Status:	Planned
Funding Source:	Bond



Water Supply

FY21 CIP Projects

Project Name: **42-inch Raw Water Conduit Repair**

Project ID: **005-0077**

Project Schedule: **2020**

FY 2021 Appropriation: **\$200,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name:	42-inch Raw Water Conveyance Redesign and Reconstruction
Project ID:	005-0078
Project Schedule:	2021- 2022
FY 2021 Appropriation:	\$4,900,000
Project Status:	Planned
Funding Source:	Bond



Water Supply

FY21 CIP Projects

Project Name: **Control House 72-inch Inlet Valve Rehab**

Project ID: **005-0089**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$300,000**

Project Status: **Planned**

Funding Source: **Revenue/Reserves**



Water Supply

FY21 CIP Projects

Project Name: **In-line Hydropower Transient Analysis**

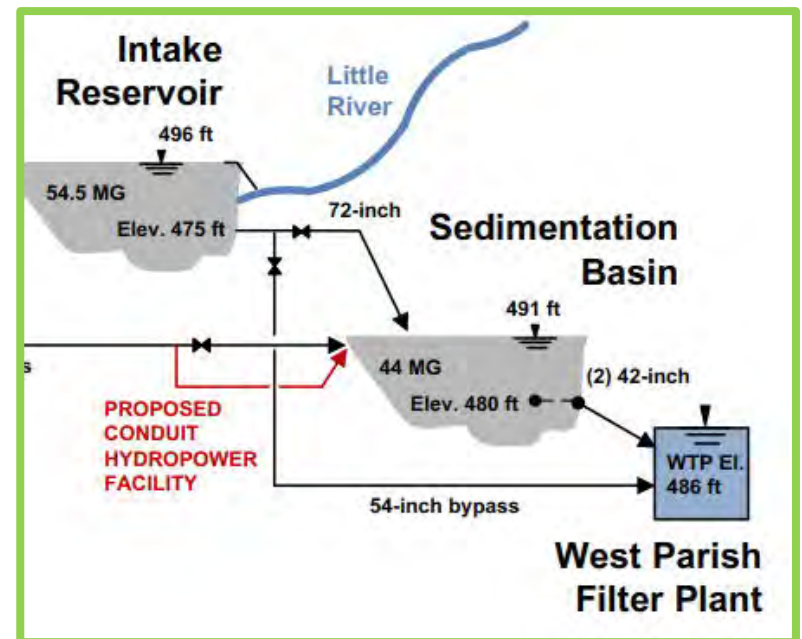
Project ID: **005-0085**

Project Schedule: **2020**

FY 2021 Appropriation: **\$248,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Water Supply

FY21 CIP Projects

Project Name: **Conduit Hydropower on 42-Inch Raw Water Conduit & Electrical Upgrades - Design**

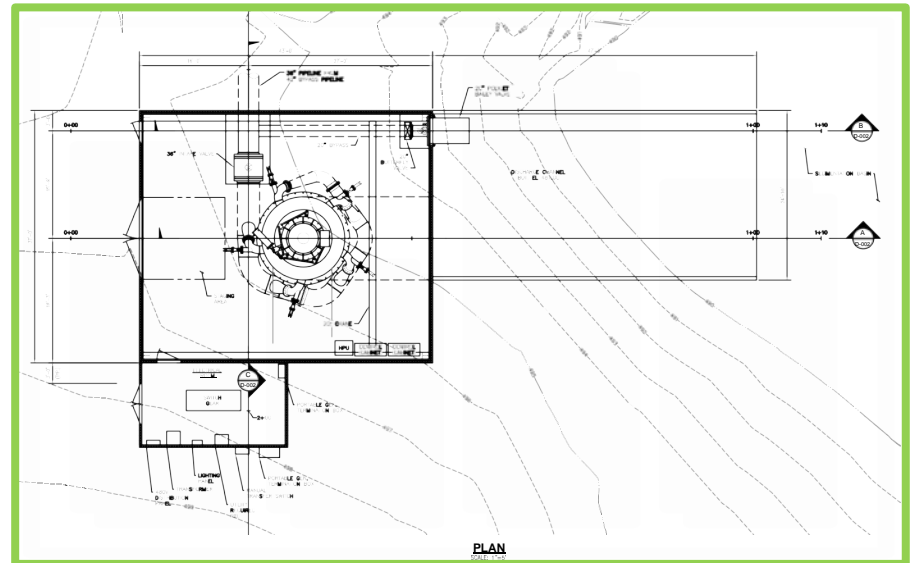
Project ID: **005-0098**

Project Schedule: **2020 - 2022**

FY 2021 Appropriation: **\$862,500**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Power Supply

FY21 CIP Projects

Project Name: **Power Supply Equipment Replacement**

Project ID: **130-0001**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$50,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Power Supply

FY21 CIP Projects

Project Name: **Transmission Line Poles Replacement**

Project ID: **130-0006**

Project Schedule: **2020 - 2021**

FY 2021 Appropriation: **\$300,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Power Supply

FY21 CIP Projects

Project Name:	Power Station Drain Line Replacement - Design
Project ID:	0016
Project Schedule:	2020 - 2021
FY 2021 Appropriation:	\$135,000
Project Status:	Active
Funding Source:	Planned



Dan DiRienzo

Director of Field Services



Water Distribution

FY21 CIP Projects

Project Name: **Hydrant Replacement Project**

Project ID: **12B-0036**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$100,000**

Project Status: **Active**

Funding Source: **Revenue**



Water Distribution

FY21 CIP Projects

Project Name: **Distribution System Assessment & Design**

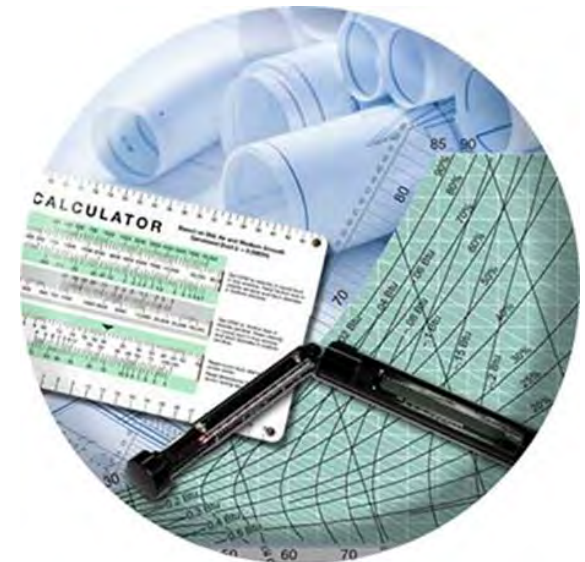
Project ID: **12B-0040**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$287,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Water Distribution

FY21 CIP Projects

Project Name: **Distribution System Rehab**

Project ID: **12B-0005**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$400,000**

Project Status: **Active**

Funding Source: **Revenue**



Water Distribution

FY21 CIP Projects

Project Name: **Transmission System Rehab**

Project ID: **06A-0014**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$100,000**

Project Status: **Active**

Funding Source: **Revenue**



Water Distribution

FY21 CIP Projects

Project Name: **Meter Replacement Project**

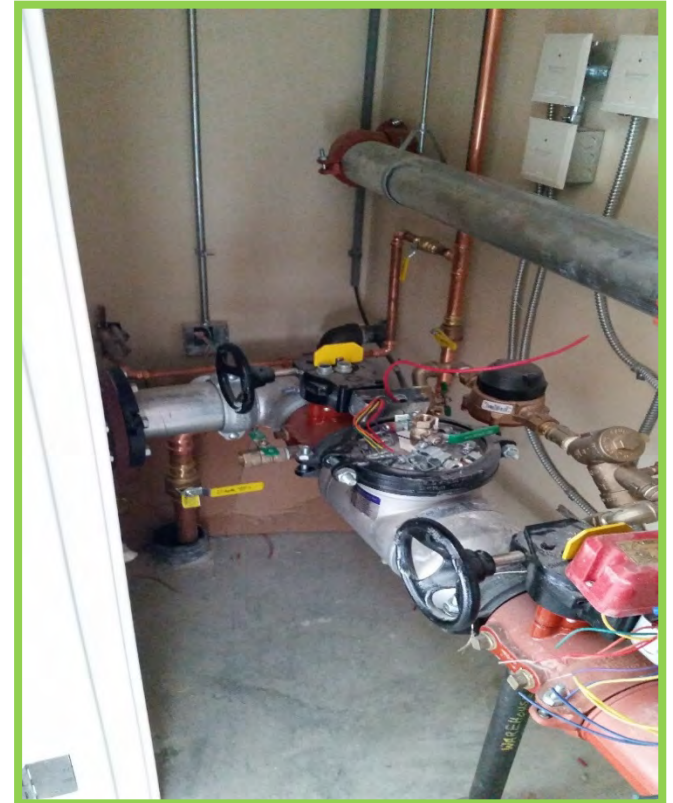
Project ID: **070-0006**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$650,000**

Project Status: **Active**

Funding Source: **Revenue**



Water Distribution

FY21 CIP Projects

Project Name: **Commission Vehicles**

Project ID: **090-0005**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$100,000**

Project Status: **Active**

Funding Source: **Revenue**



Water Distribution

FY21 CIP Projects

Project Name: **Building and Structure Improvements**

Project ID: **090-0010**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$150,000**

Project Status: **Active**

Funding Source: **Revenue**



Water Distribution

FY21 CIP Projects

Project Name: **Rolling Stock**

Project ID: **090-0011**

Project Schedule: **Ongoing**

FY 2021 Appropriation: **\$315,000**

Project Status: **Active**

Funding Source: **Revenue**



Wastewater Collection

FY21 CIP Projects

Project Name: **Collection System Design**

Project ID: **12A-0018**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$300,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Wastewater Collection

FY21 CIP Projects

Project Name:	Sewer Rehabilitation 20-21 Construction Season
Project ID:	12A-2021
Project Schedule:	2020-2022
FY 2021 Appropriation:	\$1,000,000
Project Status:	Planned
Funding Source:	Revenue/ Reserves



Wastewater Collection

FY21 CIP Projects

Project Name: **Collection System Cleaning & Assessment**

Project ID: **12A-0024**

Project Schedule: **2021**

FY 2021 Appropriation: **\$1,150,000**

Project Status: **Active/Reoccurring**

Funding Source: **Revenue/
Reserves**



Bill Fuqua

Director of Wastewater Operations



Wastewater Collection

FY21 CIP Projects

Project Name: **Locust Transfer-Design**

Project ID: **12A-0070**

Project Schedule: **2021**

FY 2021 Appropriation: **\$1,200,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Wastewater Treatment

FY21 CIP Projects

Project Name: **Wastewater Treatment O&M Evaluation**

Project ID: **001-0009**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$150,000**

Project Status: **Active**

Funding Source: **Revenue/
Reserves**



Wastewater Treatment

FY21 CIP Projects

Project Name: **Regional Biosolids Study**

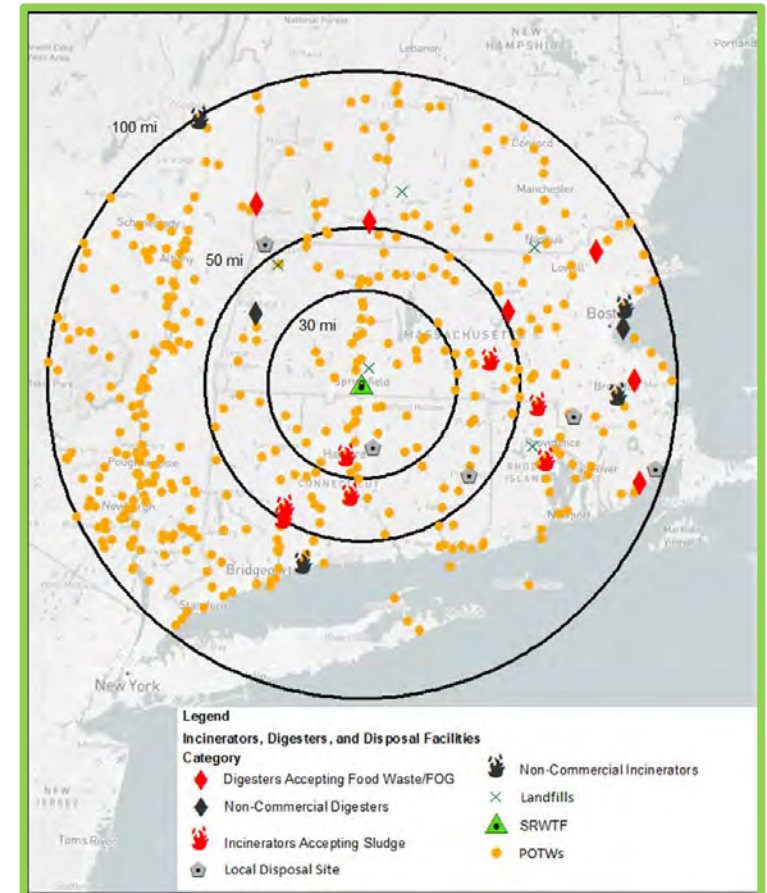
Project ID: **001-0020**

Project Schedule: **2021**

FY 2021 Appropriation: **\$200,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Wastewater Treatment

FY21 CIP Projects

Project Name: **Wastewater Reporting & Regulatory Compliance**

Project ID: **003-0040**

Project Schedule: **2021**

FY 2021 Appropriation: **\$100,000**

Project Status: **Active/Reoccurring**

Funding Source: **Revenue/
Reserves**



James Richardson

Director of IT



Administration

FY21 CIP Projects

Project Name: **SCADA Data Center Rebuild**

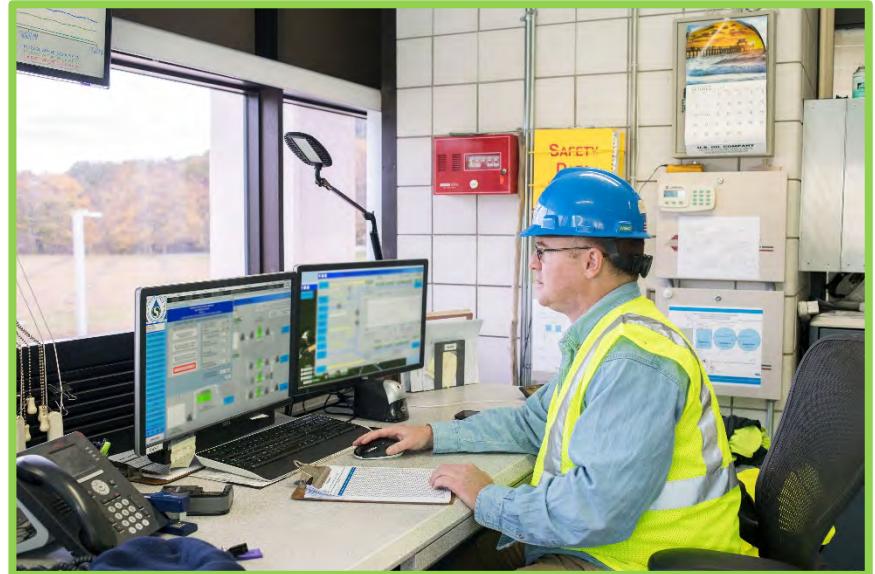
Project ID: **005-0086**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$650,000**

Project Status: **Planned**

Funding Source: **Revenue/
Reserves**



Administration

FY21 CIP Projects

Project Name: **Communications Equipment**

Project ID: **090-0007**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$150,000**

Project Status: **Reoccurring**

Funding Source: **Revenue/
Reserves**



Administration

FY21 CIP Projects

Project Name: **Computers, Servers and Copiers**

Project ID: **090-0009**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$144,000**

Project Status: **Reoccurring**

Funding Source: **Revenue/
Reserves**



Administration

FY21 CIP Projects

Project Name: **Information Systems**

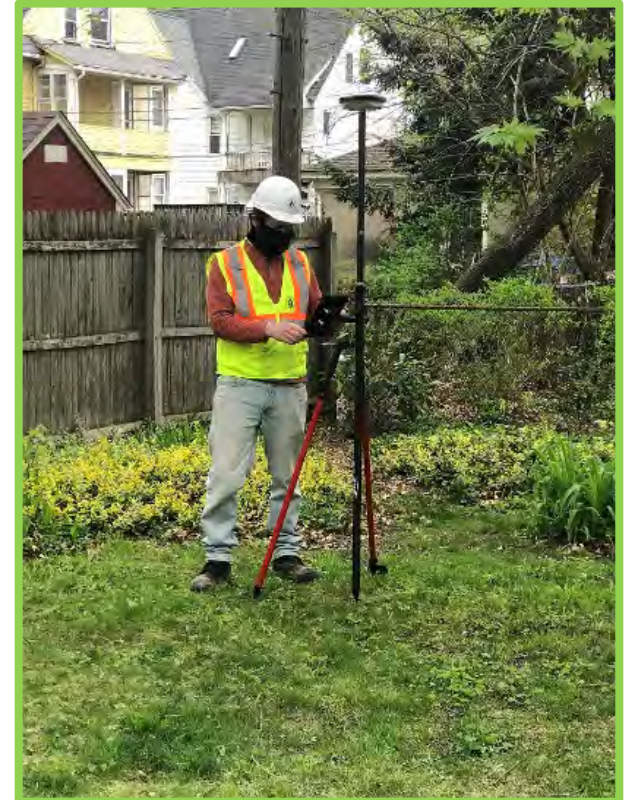
Project ID: **090-0016**

Project Schedule: **2020-2021**

FY 2021 Appropriation: **\$466,500**

Project Status: **Reoccurring**

Funding Source: **Revenue/
Reserves**



Jaimye Bartak

Communications Manager



Safe, Clean Water is Essential



Public Health



Fire Protection



Economic Development



Quality of Life

The Value of Tap Water



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Next Steps for FY21

Recording of this presentation will be available

- <http://waterandsewer.org/about-the-commission/about-us/public-information/>

Commission Meeting / Vote on FY21 Budget

- Wednesday, June 17, 2020, 9 A.M.
- Virtual Meeting
- Public Invited and Welcome to Participate

Questions and Comments Always Welcome

- info@waterandsewer.org
- 413-452-1300

Always Available, 24/7/365

- Water and Sewer Emergencies:
Call **413-310-3501**
- Waterandsewer.org
- Tw/FB: @SpfldWaterSewer



Questions/Comments

For Participants on Telephone:

- Wait until moderator calls on last four digits of your number
- Dial *6 to speak

For Participants on Computers & Mobile Devices:

- Type question or comment into Q&A box
- OR call 413-261-6430, Conf. ID: 566 881 166# to speak

Please provide your name and address when submitting a question or comment

