



Established

1996

SPRINGFIELD WATER AND SEWER COMMISSION

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

Minutes of Meeting

July 29, 2021

The Springfield Water and Sewer Commission held a virtual meeting on July 29, 2021. The virtual meeting was held in accordance with Chapter 20 of the Acts of 2021.

Commissioner Rodriguez called the meeting to order at 9:06 a.m. and announced the Commissioners that are participating remotely. Secretary for the Commission Jaimye Bartak called the attendance roll:

William E. Leonard, Participating Remotely
Daniel Rodriguez, Participating Remotely
Vanessa Otero, Not Present

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
Darlene Buttrick, Director of Engineering
Nicole Sanford, Water Resources Manager
Kristin Monfette, Safety Manager
James Richardson, Director of IT
Bob Stoops, Chief Engineer
Frank Zabaneh, Senior Engineer
Stephanie Douglass, Human Resources Manager
Katie Shea, Communications Specialist
Caller from 781-632-5365
Jaimye Bartak, Communications Manager/Secretary for the Commission

Business Matters

1. Approve the minutes of the meeting held on June 23, 2021, without reading, because copies were furnished to each member of the Commission for their review.

Item tabled.

New Business

2. Election of Board of Commission Chairperson and Vice Chairperson for Fiscal Year 2022.

Item tabled.

Executive Director Josh Schimmel introduced Darlene Buttrick, Director of Engineering and Capital Projects, who started working with the Commission on July 19.

3. Financial Update: Report by Comptroller.

Comptroller Anthony Basile reported on the FY21 year-end financials. There was a year-end cash balance \$111.7 million, which represents an additional \$2.2 million increase in cash. The fiscal year started with \$109.5 million.

A total of 92% of the operating budget was spent. Some of the O&M budget was unspent due to the pandemic and slowdown of hiring during that time. Hiring efforts have been aggressive since then.

There was \$38.6 million in capital expenditures in FY21. The remaining budget of \$432.5 million represents the new capital plan, including WIFIA-related projects.

There was \$91.2 million in total revenue billed in FY21, representing a \$1.6 million variance. However, there was an increase of \$1.7 million in receivables, which is not a large margin between what was estimated and what was actually collected.

At the end of June 2021, there was \$111.7 million in cash, and of that \$38.9 million is unrestricted.

Mr. Schimmel noted that July usually includes large payouts for various obligations. There was a negative cash flow of \$15 million in July, and there will be more directed towards capital projects.

There were \$6.8 million in aging receivables, gross of any credits given. Of that, \$3.4 million is over 60 days old.

There was \$611.3 million in total assets, which includes an increase in the OPEB trust, of which the balance is \$5.4 million. There were total liabilities of \$98.6 million. The auditors will start their review in August.

4. Comptroller's Report FY 2021: Report by Comptroller.

Mr. Basile reported on the Comptroller's Report, which is an internal audit report. The external auditors are made aware of this report.

Mr. Basile summarized that there are little or no exceptions in this review. All expenditures were authorized and in compliance, and mirrors what the auditors will find. The six on-call engineering disbursements were reviewed in particular for any inconsistencies with billing. Detailed invoices were reconciled with billable rates in all instances.

Mr. Basile reported that he is moving forward with the comprehensive budget document for the Commission, which is a criteria-based budget. Mr. Schimmel added that this document would include performance indicators, which will be helpful as spending increases for projects over the next five years.

Commissioner Rodriguez agreed that it is important to evaluate the budget performance, especially noting when there are variances compared to past years.

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

Director of Finance Domenic Pellegrino reported on receivables through June. There was \$6.7 million in billing and \$8.5 million in collections. There was an outstanding receivables balance of \$6 million. In June 2020, the outstanding receivables balance was \$4.3 million, so receivables are still trending above average (which are \$4.5 million in a typical year).

There were 6,395 accounts over 60 days old in June totaling \$3.4 million. This is double the value of the average between 2018 and 2020. In projecting ahead to December, the trend is still to outperform the three-year average in both the amount of outstanding receivables and the number of accounts.

Mr. Schimmel added that the average amount overdue per account is approximately \$539, which is more than double the pre-pandemic average amount of \$253.

Commissioner Rodriguez noted that these trends illustrated the effectiveness of the shutoff program. Mr. Schimmel commented that the problem is not just the missing revenue for the Commission, but also that outstanding balances can climb so high that account holders might not be able to recover. Commissioner Rodriguez added that electric and gas utilities are facing similar challenges.

Mr. Pellegrino reported there were 126 credits for \$17,675.75.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ: to approve credits in the amount of \$17,675.75.

6. Consideration of Purchase Agreement PA-21-20 with Metron Fernier: Report by Director of Finance.

Mr. Pellegrino reported on a price agreement with Metron Fernier not to exceed \$500,000 per year to purchase telemetry devices for meter reading.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ: to authorize the Executive Director to sign Purchase Agreement PA-21-20 as presented.

7. Consideration of Purchase Agreement PA-21-21 with Stiles Co.: Report by Director of Finance.

Mr. Pellegrino reported on a purchase agreement with Stiles Co. for badger meters not to exceed \$300,000 per year, with two one-year renewal options.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ:

to authorize the Executive Director to sign Purchase Agreement PA-21-21 as presented.

8. Consideration of Amendment No.1 to Waterline Industries Contract CA-21-05 Cobble Mountain Diversion Gate Outlet Modifications: Report by Chief Engineer.

Chief Engineer Bob Stoops reported on improvements to the diversion gates. There are two blowoffs that were designed to exhaust into the atmosphere, but for the safety of the operators, it was determined that the blowoff should go through the CMU wall. This will require stainless piping, extensions, and two penetrations through the CMU wall. The contract will increase by 15 days. The additional cost is \$8,120.04, and new contract value is \$1,285,797.04.

Mr. Schimmel noted that this project is the result of the failure of the 42” pipeline, and will resolve a redundancy issue by allowing the diversion gates to be utilized in the winter.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ:

to approve the Amendment No.1 to Waterline Industries Contract CA-21-05 Cobble Mountain Diversion Gate Outlet Modifications.

9. Consideration of Kleinfelder Task Order 01 for Final Design Services for Locust-MIS Transfer Improvement Project: Report by Director of Wastewater Operations.

Director of Wastewater Operations Bill Fuqua reported on the advancement of design of the Locust-MIS Transfer Improvement Project, which will allow for a connection to the MIS prior to going under the Connecticut River, and allow for isolation of the MIS while utilizing the new river crossing pipes. This task order will advance design to final bidding services for early 2022.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ: to approve Kleinfelder Task Order 01 and authorize the Executive Director to sign.

10. Consideration of Town Wastewater Treatment Contracts: Report by Director of Wastewater Operations.

Mr. Fuqua reported that he has been communicating with six area communities on wastewater treatment contracts. There were no changes in the contracts. Three contracts have been received, and another two (Agawam and Longmeadow) are in the process of being executed. Longmeadow's contract is still outstanding. The contracts will need the Commissioners' signatures as they arrive.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the town wastewater contracts with Agawam, East Longmeadow, West Springfield, Wilbraham, and Ludlow in the form as previously substantially presented.

11. Consideration of Application Database Manager Job Description: Report by Human Resources Manager.

Human Resources Manager Stephanie Douglass reported on a new position that will report to the IT Director. The position provides an opportunity to bring all application database functions and asset management under one leader. The proposed salary range is \$85,000-105,000.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the Application Database Manager job description as presented.

12. Consideration of Assistant Collections Manager Job Description: Report by Human Resources Manager.

Ms. Douglass reported on a new job description that would report to the Customer Service Manager to provide additional support to the collections manager and customer service staff. The proposed salary range is \$55,000-\$65,000.

Mr. Schimmel added that the work load for customer service staff has increased due to impacts of the pandemic and new customer assistance programs.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ:

to approve the Assistant Collections Manager job description as presented.

13. Consideration of FY22 Forestry Consulting Contract with Michael Mauri: Report by Water Resources Manager.

Water Resources Manager Nicole Sanford requested approval of a contract with consulting forester Mike Mauri for FY22. The contract would be similar to last year's agreement as forest stewardship activities progress. Another forest stewardship plan for 193 acres in the northwest area of the Cobble watershed will be completed. The working forest stewardship vision document will be continued. Other items include a final transition plan and forest inventory, for which data were collected last year. The contract also includes on-call consulting. A new element includes a climate adaptation assessment, which uses a planning workbook to identify specific risks and adaptation strategies.

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

VOTED YES –

COMMISSIONER LEONARD

COMMISSIONER RODRIGUEZ:

to approve and authorize the Executive Director to sign the FY22 Forestry Consulting Contract with Michael Mauri.

14. Consideration of 42nd Supplemental Resolution Authorizing the issuance of General Revenue Bonds – (WIFIA -N20102MA) 2021 Series E: Report by Commission Counsel.

Commission Counsel Norm Guz reported that the General Revenue Bond 2021 Series E for \$249,986,207 provides permission to issue the WIFIA bond. The Commission's obligation is that 26 capital improvement projects, both water and wastewater, be completed. The bond will provide up to 49% of the funding and the balance will come from the SRF financing or from cash of the Commission. The loan rate is set on the day of closing, and will be fixed for the bond term of 30 years. Atty. Guz provided a sample amortization schedule, which sets forth the payments that will be made. The loan proceeds are dispersed as approved by WIFIA, and interest is paid as the funds are received by the Commission.

Atty. Guz continued that the Commission will be required to fund \$9 million on the day of closing, and then those funds will be funded with WIFIA bond proceeds to replace the Commission reserves. The disbursement plan follows the Commission's capital plan. Atty. Guz commented that hopefully rates fall a little more. Mr. Pellegrino noted that the rate would be 1.89 if the loan were closed today.

Mr. Schimmel commented that the repayment terms are strategized, and the cash will be fronted for the reserve requirement. The debt will be sculpted to pay higher amounts of principle.

Atty. Guz continued that the anticipated disbursement is based on projected construction schedules for 26 capital projects in total. The river crossing project, which has already started, will count towards the 51% match of the Commission.

Commissioner Rodriguez asked whether the anticipated disbursement plan is a baseline for bonding. Mr. Schimmel replied that the timing and sequencing of the 26 projects are projected, so the disbursement plan is still conceptual. Atty. Guz noted section 4B of the resolution outlines that the rate and amortization schedule will be set the date of closing. The loan terms will be finalized on August 19, 2021.

Commissioner Rodriguez thanked staff for their efforts during the complicated process.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the 42nd Supplemental Resolution authorizing the issuance of General Revenue Bonds (WIFIA -N20102MA) 2021 Series E, Water and Wastewater Infrastructure Renewal in the amount of \$249,986,207.

**15. Consideration of Intercreditor Agreement Among WIFIA, Clean Water Trust and Commission:
Report by Commission Counsel.**

Atty. Guz reported that WIFIA requested that the CWT agree to enter into an intercreditor agreement under the general bond resolution. This means that as long as any bonds are outstanding, the CWT can block any call to accelerate payments on bonds or for other bond holders in the event of default. CWT has agreed that if they accelerate their bonds, they will not block acceleration of other bonds by other bond holders.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve and authorize the Executive Director to execute the Intercreditor Agreement among WIFIA, Clean Water Trust and Commission.

16. Consideration of Authorization to Increase the Borrowing for the Clearwell and Backwash Pump Station from the Clean Water Trust to \$25,089,000: Report by Commission Counsel.

Atty. Guz reported that the total amount to proceed to construction of the clearwell and backwash pump station is about \$25 million. The Commission has previously received \$15 million, and subsequently received approval to borrow the remaining amount of \$10,089,000.

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

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

That \$25,089,000 has been appropriated for the purpose of financing the replacement of the Clearwell and Backwash Pump Station at West Parish Filters (the “Clearwell and Backwash Pump Station Project”) including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws of the Commonwealth, as amended; that to meet this appropriation the Executive Director is authorized to borrow \$10,089,000 and issue bonds or notes therefore under Chapter 40N of the General Laws, that the Executive Director is authorized to borrow all or a portion of such amount from the Massachusetts Clean Water Trust established pursuant to Chapter 29C, as amended and pursuant to the provision of the Massachusetts Clean Waters Act Chapter 21 of the General Laws of the Commonwealth, as amended; and in connection therewith to enter into a loan agreement and/or a security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof; that the Executive Director is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project.

17. Consideration of Grant for World is Our Classroom for 2021-2022 School Year: Report by Communications Manager.

Communications Manager Jaimye Bartak reported that Springfield Public Schools is eager to send students in-person to the Cobble Mountain watershed for the 2021-2022 school year. Due to impending construction at West Parish Filters, World is Our Classroom is proposing moving all educational activities to the watershed, as well as continuing to provide the virtual option to schools that are unable to make the field trip. The proposed grant would fund 42 field trips throughout the school year and promotion of the virtual option, though that amount may be reduced if field trips are curtailed again due to the pandemic.

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

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

to approve a grant to World is Our Classroom for up to

\$60,000 for educational in-person and virtual field trips to the watershed for the 2021-2022 school year.

18. Consideration of SACE Contract: Report by Executive Director.

Item tabled until the next meeting.

19. Appointment of Chief Procurement Officer: Report by Executive Director.

Atty. Guz reported that the procurement officer must be appointed by the Board. This person must be on record with the Inspector General's office. Theo Theocles will become the chief procurement officer as of his start date on September 7.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve Theo Theocles as Chief Procurement Officer of the Commission effective September 7, 2021.

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

Mr. Schimmel recommended appointing Katie Shea as Acting Secretary of the Commission due to the upcoming leave of Ms. Bartak.

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

VOTED YES –

**COMMISSIONER LEONARD
COMMISSIONER RODRIGUEZ:**

to approve the Katie Shea as Acting Secretary of the Commission as of July 29, 2021.

Mr. Schimmel reported that there will be a press event for the WIFIA loan in September. EPA is interested in highlighting the Commission's loan because it addresses so many different issues and represents a comprehensive plan.

Mr. Schimmel reported that Cobble Mountain Reservoir is full, but that the large amount of rain may bring more issues with raw water quality and HAA5. Mr. Schimmel noted that forest management in the Cobble watershed is intended to improve raw water quality.

Mr. Schimmel reported that Blandford is objecting to the purchase of land by the Commission in the watershed per a recent article in the *Country Journal*. Mr. Schimmel will share the article with the Commissioners.

Mr. Schimmel reported that the river crossing project was recently in the local television news, featuring Ms. Shea and Mr. Fuqua discussing the purpose of the project.

Mr. Schimmel reported that the Commission was recently featured in an EPA report to Congress about integrated planning. The Commission is farther along than most in implementing its Integrated Wastewater Plan (IWP). The IWP will be updated to include all expenditures in the WIFIA program.

Mr. Schimmel reported that comments were submitted to MassDEP regarding proposed amendments to the Water Management Act that would impact the Commission's sale of water and revenue. Mayor Sarno also submitted a letter to the governor on behalf of the City of Springfield. The regulations could result in drought restrictions even if the reservoir is full. The financial impact was estimated between \$3-6 million based on seasonal consumption in 2016, the last drought of record. Commissioner Rodriguez commented that there could be unintended consequences since the cost of running a utility does not change regardless of consumption.

Mr. Schimmel reported that a letter to the governor advocating that non-entitlement entities should be made eligible to receive American Rescue Plan funds was submitted by the Commission.

Mr. Schimmel reported that there have been no shutoffs since the start of the pandemic. Postings for accounts with at least \$200 outstanding over 60 days began in the beginning of July, starting with the highest amount due. The intent of resuming postings was to persuade customers to begin paying down their balances. All customers with outstanding balances have been contacted seven times beforehand. Late fees were reinstated in March. The ability to enter payment plans was extended. There are 2,837 accounts eligible for shutoff, representing a drastic increase in the number of accounts and outstanding balances. Customers eligible for shutoff are still eligible for payment plans, but many are not contacting the Commission. Postings and shutoffs encourage people to contact the Commission. Outstanding balances have the potential to impact the Commission's debt service coverage since that is based on collections, not just billings.

Mr. Pellegrino reported that the top 1,000 accounts represent 66% of the total outstanding balance. Approximately 600 accounts were posted in the first three weeks in July.

Mr. Schimmel reported that it is appropriate to start doing shutoffs in August and September since customers have been given ample notice and information about customer assistance programs. Balances should not be allowed to rise to the point where they cannot be paid off. The 1,000th account balance is \$762.

Commissioner Leonard asked if there has been any response to customer outreach. Mr. Schimmel replied that some response has been received. Mr. Pellegrino explained that over 1,000 requests were received for payment plans in January, while other customers did not respond. Some customers have defaulted on their second or third payment plans, while others are appreciative and have continued payments. There are currently approximately 400 active payment plans.

Commissioner Rodriguez commented that he is concerned about balances climbing, and shutoffs have been the only tool that has managed to encourage customers to pay. Commissioner Rodriguez supports warnings and second warnings, but notes that there needs to be a continuing message of the consequences of letting balances remain unpaid.

Commissioner Leonard asked whether it would be worthwhile to generate more responses through the media. Mr. Schimmel responded that publicity may be generated once shutoffs are implemented.

Commissioner Rodriguez remarked that there is no incentive to take advantage of customer assistance programs if there is no penalty. Commissioner Rodriguez noted that he trusted staff's process to decide when to implement shutoffs, but notices should continue.

Mr. Schimmel recommended that shutoffs commence in the last week of August and first week of September, starting with the highest balances. Debt service coverage is very important and many accounts have gone close to two years without any payments. Mr. Schimmel commented that ample opportunity has been provided to customers with outstanding balances and many of the accounts with the highest amounts are landlords.

Commissioner Leonard suggested that if the public understood that shutoffs are the last resort, it will help delinquent account holders respond. Atty. Guz commented that since direct notifications do not elicit reaction, broader media coverage may not be compelling. Atty. Guz noted that renters have the opportunity to go to housing court for a hearing to prevent shutoffs, and the Commission will try to mediate with property owners to find resources through Wayfinders and other programs. Atty. Guz remarked the Commission has done all it can do. Commissioner Rodriguez agreed.

Atty. Guz recommended the Executive Director notify the Commissioners when shutoffs start.

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

None considered.

The next Commission Board meeting will be held September 23, 2021, at 9:00 AM.

Commissioners voted unanimously to adjourn at 10:54 A.M.

Submitted By:

Jaimye Bartak, Secretary