



CITY OF NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: MAY 19, 2025
TIME: 7:01 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214

PRESENT: COUNCILLORS LINDA MORAD, CHAIR; IAN ABREU; DEREK BAPTISTE (7:10); SHANE BURGO; NAOMI CARNEY; LEO CHOQUETTE; MARIA GIESTA; BRIAN GOMES (7:10); JOSEPH LOPES; SHAWN OLIVER; RYAN PERERIA

ABSENT: NO ONE

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Councillor Morad called the Finance Committee meeting to order, took attendance, and explained that the meeting was being recorded and live-streamed.

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COMMUNICATION (Matter ID #0611) and LOAN ORDER (Matter ID #0612), submitted by Mayor Mitchell, in the amount of \$38,100,000.00, to authorize a borrowing to pay the costs of Capital Planning and Construction of Water Distribution and Treatment Systems Improvements including a Lead Service Abatement Program, Transmission Main Inspection Program, and General System Improvements. (Referred – April 24, 2025.)

On motion by Councillor Lopes and seconded by Councillor Abreu, the Committee VOTED: To receive and place on file a copy of the Water Appropriation Presentation submitted by the Department of Public Infrastructure (DPI).

The Chair recognized Shawn Syde, City Engineer for DPI, who delivered the presentation to the Committee. He provided an overview of the Capital Improvement Plan (CIP) for the Water Department, which included previous projects that addressed immediate structural, health and safety needs at the Quittacas Water Treatment Plant and the High Hill Reservoir, including lead service removal and upgrades to the distribution system. DPI prioritized projects based on immediate needs for reliability and regulatory compliance. Current projects continue to implement critical upgrades to the transmission and distribution systems in high service areas, and the lead service removal program is ongoing.

Mr. Syde went on to explain that the City may be awarded State Revolving Fund (SRF) loans by the Massachusetts Department of Environmental Protection (MassDEP) to implement some of the projects, however, changes in SRF funding now require the City to also have General Obligation (GO) funding in place in order to cover reduced funding on larger scale projects. This includes leveraging existing appropriations and phased GO bonding. These projects are aligned with roadway improvements to maximize a return on investment.

The CIP plan for FY26 includes Phase 4 of the Lead Service Replacement Program, which has replaced 1,100 lead services out of 2,083. This addresses Environmental Protection Agency (EPA) mandates, however, it is predicted that one additional phase will be necessary to remove the remaining services. This proposal also includes the Transmission Main Reinforcement Program (Phase 5) which continues to assess the condition of approximately 29 miles of transmission main, including 16 miles of pipe from Quittacas to the High Hill Reservoir, as well as developing an approach to strengthen the transmission main system.

The proposed costs are:

- Phase 4 – Lead Service Line Replacement, \$24,900,000 (Start 2026 / End 2029)
- Phase 5 – Transmission Main Reinforcement, \$5,000,000 (Start 2026 / End 2028)
- Phase 2 – Water Distribution System Improvements, \$8,200,000 (Start 2026 / End 2028)

The project costs would be covered by GO funding and the SRF program; additional rate increases may be needed to fund costs beyond FY26, as the estimates obtained are as of the year 2025.

In order for the City to be in line with the MassDEP funding schedule, the Council must vote to approve the Loan Order as well as the loan agreements, which will be sent to the State once executed. Approval of the appropriations by June 30th will meet the MassDEP deadline for acquiring SRF funding. The Council will then have follow-up approval of individual loans for each project.

Councillor Lopes asked Mr. Syde to confirm that based on the new SRF program, the maximum the City will receive from the State is \$15 million. He was told yes, that is the maximum amount the State will provide in loans for this year. He asked if the interest rate is still in the low two percentile. He was told that it was 2% at 20 years.

Councillor Lopes asked if there was any funding coming in from the Federal Government for the lead service replacement. He was told that there is reimbursable money, however, they are unclear as to how much. The State has confirmed that they have to provide funding toward the lead pipe removal program. He asked if Mr. Syde would be able to secure the figure and provide the Committee with that information. Mr. Syde replied that he would ask MassDEP and find out what that amount is. He did note that on the Phase 2 Project, the City received upwards of 60% of principal forgiveness.

Councillor Pereira asked Mr. Syde to confirm his earlier comments that there is currently \$135 million in projects currently ongoing in the City. Mr. Syde confirmed, to which the Councillor asked if that included completed or ongoing projects. He was told that it would include complete and ongoing projects starting in 2018. The Councillor asked if DPI was concerned with bandwidth issues in the ability to complete these projects as laid out in the \$38 million request before the Committee. Mr. Syde said no, because projects will come off the books as they are completed.

Councillor Pereira asked if the proposed Phase 4 Lead Pipe Removal Program would take care of the entire project and if so, would there be a Phase 5. Mr. Syde stated they are hoping to get the projected 1,100 piping systems completed in Phase 5, however, as you get down to the end, some of the removals are more difficult. If there is a Phase 6, it would be significantly smaller in cost than the previous Phases.

Councillor Pereira expressed his dismay regarding the State's \$15 million cap and asked if they gave any indication as to why they have chosen to allocate funds this way. Mr. Syde stated that the rumor is that because of new Federal earmarks being put into place, it will directly affect the funding the State will receive for such projects.

Councillor Abreu asked if the City was up to date on the lead removal mandate. He was told the City was ahead of the curve on the project. The Councillor asked what the consequences would be if the deadlines were not met. Mr. Syde did not know but offered to look into that and report back.

Councillor Abreu asked how residents would be notified that their lead replacement would be happening. Justin Chicca, Deputy Commissioner for DPI, was recognized and explained it would be the same as it has been for the past Phases, there are outreach attempts by the contractor and the City, including mailing letters and knocking on doors.

Councillor Gomes asked when the City last received SRF money for a project. Mr. Syde answered that it was for the Sassaquin Pond Project.

Councillor Morad asked how many lead replacements have taken place since Phase 1. She was told Phase 1 was 1,225; Phase 2 was 2,200; Phase 3 was 2,440; and Phase 4 will target 1,000. She asked if the State was only contributing \$15 million to the projects, would the remainder fall to the taxpayer. She was told yes, it would come out of GO funding and would be applied to the water rate. She asked if any of the \$64 million in ARPA funds received from the County was used toward this water project. She was told they received funding for the West Street and Clifford Street Projects for approximately \$1.4 million.

On motion by Councillor Pereira and seconded by Councillor Baptiste, the Committee VOTED: To recommend to the City Council ADOPTION of the LOAN ORDER, in the amount of \$38,100,000.00, to authorize a borrowing to pay the costs of Capital Planning and Construction of Water Distribution and Treatment Systems Improvements including a Lead Service Abatement Program, Transmission Main Inspection Program, and General System Improvements. This motion passed on a roll call vote of Yeas 11, Nays 0.

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COMMUNICATION (Matter ID #0613) and LOAN ORDER (Matter ID #0614), submitted by Mayor Mitchell, in the amount of \$32,200,000.00, to authorize a borrowing to pay the costs of projects outlined in the City's Long Term CSO Control and Integrated Capital Improvements Plan including Wastewater Collection System Improvements, Pumping Station Improvements, Flood Control Structure Improvements, Water Quality Improvements, CSO Abatement and General System Improvements. (Referred – April 24, 2025.)

On motion by Councillor Pereira and seconded by Councillor Lopes, the Committee VOTED: To receive and place on file a copy of the Wastewater Appropriation Presentation submitted by the Department of Public Infrastructure (DPI).

The Chair recognized Shawn Syde, City Engineer for DPI, who delivered the presentation to the Committee. Mr. Syde shared that from 2016 to 2025, DPI has managed \$220 million in projects.

The funding from this request would be used in projects scheduled to start in FY25/26. All of the proposed projects address mandates from various government agencies, including the Administrative Office of the United States Courts (AO), the Environmental Protection Agency (EPA), and the Massachusetts Department of Environmental Protection (MassDEP). Some of the mandates required to be met by the City include the Catastrophe Management Operation and Maintenance (CMOM), the Clean Water Act (MassDEP regulations related to the operation of wastewater facilities) and MS4 (environmental regulations related to sewer systems). The work addresses immediate needs, reinforces systems that were failing, reduces WWTP flows, and improves water quality, operability, reliability and safety.

The City has been awarded State Revolving Fund (SRF) loans through MassDEP to implement some of the projects under this request, however, changes in SRF Funding now require General Obligation (GO) funding to cover reduced funding on larger scale projects as well. These projects, when possible, are aligned with roadway improvements to maximize return on investment.

The Capital Improvement Program (CIP) for FY26 includes repairs to the Wamsutta Street Plumbing Station which services the North Terminal, Wamsutta Apartments, Hicks-Logan and Acushnet Heights. The second project is Phase 1 of Collection System Improvements which will address structural sewer pipe defects within the oldest portion of the City's sewer, reduce peak flows to the wastewater treatment plant, create improvements in priority CSO areas as well as address multiple regulatory compliance requirements. Other projects include Sassaquin Pond, Turner Pond Dam (which is in need of an upgrade) and Phase 2 of the River Road sewer system.

The proposed financial breakdown for each project is:

- Wamsutta Street Pumping Station – Phase 1, \$7,500,000 (Start 2027 / End 2028)
- Collection System Improvements – Phase 1, \$12,000,000 (Start 2027 / End 2028)
- River Road Sewer – Phase 2, \$11,000,000 (Start 2026 / End 2028)
- Sassaquin Pond – Phase 2, \$600,000 (Start 2026 / End 2027)
- Turner Pond Dam – \$1,100,000 (Start 2026 / End 2026)

These estimates are as of the year 2025 and projected costs are to be covered by the SRF program and GO funding.

In order for the City to be in line with the MassDEP funding schedule, the Council must vote to approve the Loan Order as well as the Loan Agreements, which will be sent to the State once executed. Approval of the appropriations by June 30th will meet the MassDEP deadline for acquiring SRF funding. The Council will then have follow-up approval of individual loans for each project.

Councillor Pereira asked at what percentage the City was as it relates to its Administrative Order. Mr. Syde said this was the last tranche that the City has been working with the EPA in updating the integrated plan and he does foresee another Administrative Order from the EPA in the future. The Councillor asked of the \$50 million SRF cap, how much is available to be used for the upcoming projects. He was told the cap is \$50 million. Right now they are only seeking \$19.5 million for new projects; the remaining balance of \$12.6 million will need to be addressed with GO funding.

Councillor Choquette asked if the Turner Pond Dam is shared with the Town of Dartmouth. He was told that it was, but for that some reason the dam itself belongs to the City.

Councillor Lopes asked if there was any principal forgiveness on the \$32,200,000. He was told that potentially there was, but that it was significantly less than the past 60%. It would now be at 10%, if received.

Councillor Baptiste asked if the item had been addressed earlier, would they be saving money now. He was told that prioritizing in order to avoid spiking wastewater rates is an everyday challenge. They prioritize by urgency and shift things around when necessary. The items before the Committee now are urgent.

Councillor Morad asked if the Collection System Improvements figure was just for the Riverside area and the south end. She was told that the figure included some smaller areas which need to be addressed as well. However, the main focus is on those two areas. The Councillor asked how many phases there will be for the Collection System Improvements. Mr. Syde said he would review and report back to the Committee with an answer.

Councillor Morad asked why the carryover project funding was affecting the financial cap. Joseph Ridge, Vice President of CDM Smith, was recognized and explained that the State has never really given a good explanation as to why they are changing the SRF. He believes that part of the reason could be that the funding coming in from the Federal government has been reduced. With the cap being removed, there will be communities that may receive \$100 million or so depending on the project. Mr. Ridge added that with the current Federal Administration, EPA funding has been cut dramatically and there is no way to estimate what will be distributed to the states.

Councilor Gomes asked if the Federal and State Delegations were looking for additional funding. Mr. Ridge said that they were but that in the end, they are not the ones making the decisions, as most of the cuts have been by decree. The Councillor then asked what amount of ARPA funds were received by DPI from the County contribution. Mr. Syde replied that he did not know, but he would get that answer to the Councillor.

Councillor Lopes asked Mr. Syde to calculate the 5-year burn rate to see where the City is in relation to what has been projected and how it has been expended. Mr. Syde stated that he could for the previous five years, and would get that information to the Committee. Justin Chicca, Deputy Commissioner for DPI, was recognized and stated that CDM would have to calculate this information for the City. CDM can provide this data to include the historical and projected data for five years on both sides.

On motion by Councillor Pereira and seconded by Councillor Abreu, the Committee VOTED: To recommend to the City Council ADOPTION of the LOAN ORDER, in the amount of \$32,200,000.00, to authorize a borrowing to pay the costs of projects outlined in the City's Long Term CSO Control and Integrated Capital Improvements Plan including Wastewater Collection System Improvements, Pumping Station Improvements, Flood Control Structure Improvements, Water Quality Improvements, CSO Abatement and General System Improvements. This motion passed on a roll call vote of Yeas 11, Nays 0.

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COMMUNICATION (Matter ID #0723) and AN ORDER (Matter ID #0724), submitted by Mayor Mitchell, for the TRANSFER of \$3,851,210.00 from WASTEWATER RETAINED EARNINGS to WASTEWATER SPECIAL PROJECTS FUND. (Referred – May 08, 2025.)

On motion by Councillor Lopes and seconded by Councillor Giesta, the Committee VOTED: To receive and place on file the two-page "Comparison of Alternatives" document.

On motion by Councillor Lopes and seconded by Councillor Giesta, the Committee VOTED: To receive and place on file the presentation on Sewer Rate Requirements from FY26 to FY27.

The Chair recognized Atty. David Gerwatowski, Legal Counsel, who reviewed the possibility of using free cash to buy down the projected wastewater rate, and how it would affect setting the budget and the subsequent sewer rates.

Atty. Gerwatowski stated that the Mayor submitted the budget, and it was received by the Council. At some point, the Council will adopt a wastewater budget; the Code states that the sewer rates shall be set within 14 days of the adoption of the budget. The new rates submitted will be based on what the final approved budget is for wastewater, taking into consideration the reductions that may take place during the budget process. Where the rate has to be set annually, budget cuts may affect the sewer rate. If the Committee is looking to level-fund the rates, the Council will have to make cuts in the wastewater budget. Whatever is cut will have to be set within 14 days after the final budget is approved. The Department of Public Infrastructure (DPI) will submit the rate to be approved by the Council based on the final wastewater budget. The transfer request, as presented, would be applicable to FY26.

Justin Chicca, Deputy Commissioner for DPI, then delivered the presentation to the Committee. He explained that for FY25, although the necessary increase rate was 10.2%, the increase rate that was actually approved was 4.3%. \$1.5 million in free cash was transferred to offset the 5.9% difference. This was because the Council reduced the proposed FY25 budget by \$1.3 million. The City issued a GO bond in March of 2025 in the amount of \$2.2 million to support sewer projects. The FY26 draft budget is proposing \$35.6 million in expenditures, compared to the \$31.7 million approved in FY25.

Mr. Chicca reviewed the proposed FY26 budget, with an expense total of \$35,596,708, broken down as follows:

- \$22,995,536 for Operations and Maintenance
- \$10,323,995 for Existing Debt Service
- \$285,091 for Anticipated Debt Service
- \$1,992,086 for Cash Funded Capital

Mr. Chicca then went through the budget changes from FY25 to FY26 which showed a \$212,492 change in the 100 account, a \$3,181,011 change in the 200 account, a \$50,000 change in the 400 account, and a \$487,016 change in the 900 account.

At the conclusion of the presentation, Mr. Chicca explained that DPI recommends the adoption of a single-year 7.8% rate increase for FY26 to further fund its program. There is currently \$3.8 million in free cash available and they suggest the Council allow the transfer of \$2,350,000 for use in FY26 to reduce the required rate increase. The remaining \$1,450,000 could then be transferred to Free Cash or to the Wastewater Stabilization Fund. The updated rates would be based on the final approved FY26 budget, 14 days from the official adoption.

Councillor Lopes pointed out that the transfer request is for \$3.5 million, but DPI will use \$2.5 million to reduce the wastewater rate. He asked Mr. Chicca about the remaining \$1.3 million. He was told it would stay in the Stabilization Fund, and they would not be able to use it unless it came before the Council.

Councillor Burgo questioned a particular slide in the presentation, Slide 16: “New Bedford’s Utility Costs in Context”. He asked if the graph depicted the City with no relief infused. He was told no, that the graph includes the relief being requested from the Council. The Councillor asked Mr. Chicca if he knew where the City would fall within the graph without the requested relief. Mr. Chicca was not able to answer that question, but stated he would report back to the Committee.

Councillor Morad stated that the cash reserve at this point is \$3.8 million, and that the recommendation from DPI is to use \$2.3 million to buy down the rate. She wanted to know why that number was so high. Mr. Chicca responded that it was to bring the rate increase below 10%. The Councillor replied that you could bring it down to 10% by using \$1.85 million. She expressed concern about using so much of the available funds when there could potentially be an unexpected emergency.

Joseph Ridge, Vice President of CDM Smith, was recognized and explained that the reason for the calculations before the Committee is that the FY26 increase is significant. He stated that in FY27, outstanding debt service will come to an end and will free up additional funds, meaning there would be funds readily available should a large project be needed.

Robert Ekstrom, Chief Financial Officer, was recognized and stated there are two special revenue funds associated with wastewater: the special projects fund also known as the stabilization fund and the debt service reserve fund, which will be freed up next year. There is approximately \$2.3 – 3 million in the required reserve funds that will be released whenever the last bond payment is made in FY27.

Councillor Pereira asked if you could take funds out of the General Fund and move it to the Stabilization Fund if there was a dire emergency. He was told no, that it would take an appropriation from the General Fund, passed through as a subsidy for wastewater.

On motion by Councillor Pereira and seconded by Councillor Giesta, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER, for the TRANSFER of \$3,851,210.00 from WASTEWATER RETAINED EARNINGS to WASTEWATER SPECIAL PROJECTS FUND. This motion passed on a roll call vote of Yeas 11, Nays 0.

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COMMUNICATION (Matter ID #0709) and AN ORDER (Matter ID #0710), submitted by Mayor Mitchell, authorizing the Mayor to negotiate the salary of and hire between now and July 8, 2025, for the position of Assistant Superintendent of Water/Plant Manager at Grade M12, up to Step 3. (Referred – May 08, 2025.)

Justin Chicca, Deputy Commissioner for DPI, was recognized and explained that the Department is looking to fill the Assistant Superintendent of Water/Plant Manager position but at the starting rate, they are unable to attract a qualified candidate. After a review, it was determined that if the Department had the authority to hire at Step 3, it would allow them to offer the position to one of two candidates they are currently considering (one internal and the other external). Neither candidate would accept the position at the present starting salary.

Christina Connelly, Chief Operating Officer for the Mayor's Office, was recognized and was asked what the difference between Step 1 and Step 3 would be. Mr. Chicca answered the question, stating that the salary would be \$75,000 for Step 1 and \$83,000 for Step 3.

Councillor Lopes stated that he understands there is an internal and external candidate being considered, but he would like to know where the internal candidate is currently on the pay scale, and what the increase would be if hired. Mr. Chicca stated he would get the Councillor that information.

Councillor Oliver asked if an additional \$7,700 would move the needle enough in finding an appropriate candidate. He was told that based on discussions with the two candidates, DPI believes it would. The Councillor asked what surrounding communities are offering for this type of position. Mr. Chicca stated it depended on which municipality they were looking at, but Dartmouth was in the same ballpark with their salary for a similar position.

Councillor Gomes asked what happened to the former Asst. Superintendent; he was told the individual had been terminated. Councillor Burgo was able to find the current pay scale chart and informed the Committee that the base pay is \$76,798 and Step 3 is \$84,669.

Councillor Pereria stated that he feels the Administration has not abused the privilege of being able to negotiate within a step range, which was a procedure approved and adopted by the Council. He asked Ms. Connelly if the City is seeing a trend that its Unit C schedule is outdated, even with cost of living adjustments. Ms. Connelly answered that she believes it is and thinks that it would be best for the City to review these items every three years to remain competitive and attract qualified candidates.

Councillor Morad opined that she does not believe the Council would have the appetite to increase Unit C salaries when the Mayor has not yet addressed AFSCME employees not being appropriately paid. Ms. Connelly stated that the Administration is currently working on this. The Councillor stated that it has been three years at their current pay scales and departments are not able to hire people to fill their ranks.

Councillor Baptiste asked Mr. Chicca if the job duties match the amount that would be offered. Mr. Chicca stated the job duties at the Water Treatment Plant do not match the current pay scale.

On motion by Councillor Pereira and seconded by Councillor Abreu, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER, authorizing the Mayor to negotiate the salary of and hire between now and July 8, 2025, for the position of Assistant Superintendent of Water/Plant Manager at Grade M12, up to Step 3. This motion passed on a roll call vote of Yeas 11, Nays 0.

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Councillor Giesta made a motion to adjourn, which was seconded by Councillor Pereira.

This meeting adjourned at 9:03 p.m.

ATTEST:

Denis Lawrence, Jr.
Clerk of Committees