



NEWS & NOTES

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DEBT SERVICE ASSISTANCE CUT BY 40% IN HOUSE 1

Governor Patrick's FY08 budget shows reduced funding for the Commonwealth Sewer Rate Relief Fund, which provides over 100 cities and towns with debt service assistance (DSA). The Governor's proposed 40% cut (from \$25 million to \$15 million) would be detrimental to ratepayers throughout the Commonwealth, as debt service assistance is crucial to stabilizing water and sewer charges that are passed on to consumers.

Cities and towns in the MWRA service area could face a nearly \$8 million loss in debt service assistance with the proposed funding. Katherine Dunphy, Chairman of the Advisory Board, said "While we are thankful that the program is included in the Governor's priorities, we are dismayed at the reduced funding in House 1. This could translate into sharper rate increases."

The steep cut in the Governor's budget is in contrast to other state programs that are automatically renewed as part of the tax code: the state provides a 40% tax credit to replace an old septic system, while MWRA water and sewer ratepayers are now anticipating a 40% cut in Debt Service Assistance. The Septic System tax credit benefits approximately 15,000 individuals, while DSA helps 2.5 million ratepayers in the MWRA service area alone. MWRA Service Area Legislators have fought hard for DSA each year. In a recent Advisory Board press release, MWRA Caucus Chairman Ron Mariano responded to the Governor's cut: "It is a disappointment that the Governor does not see the value of this program. It provides a direct reduction in rates that allows many seniors to stay in their homes."

The Advisory Board will work with the MWRA Legislative Caucus and communities to ensure that critical funding is restored to the level that ensures that ratepayers throughout the Commonwealth are fairly served within the FY08 state budget.

ADVISORY BOARD MEETS WITH LT. GOVERNOR

Chairman Dunphy and staff from the MWRA Advisory Board met with Lieutenant Governor Timothy Murray this month to discuss its priorities. Murray, who serves as the municipal liaison in the Patrick administration and is the former Mayor of Worcester, was briefed on the impacts of water and sewer rates on municipalities. Staff from the MWRA and the Advisory Board presented information about the Debt Service Assistance program and its impact on cities and towns.

MASTER PLAN IS ISSUED

The proposed FY08 capital program and budget includes more than 67 new or reintroduced projects or project phases based on the recommendations of the draft Master Plan being distributed for review with the capital budget document. The Plan addresses Authority needs not just for the next decade, but for the longer-term – over the next forty years – as well. Identified are nearly 300 projects, estimated at \$3.2 billion (in 2006 dollars): over \$2 billion for wastewater needs (including \$461 million in future spending for the Combined Sewer Overflow Control Plan) and approximately \$1.1 billion for water system needs (not including the community assistance program).

CAPITAL PROGRAM & BUDGET REVIEW UNDERWAY

The Authority recently distributed the Proposed Capital Improvement Program and Budget (CIP) for FY08 to the Advisory Board for its review and comment. The proposed budget includes over 100 existing and new projects with a total contract value of \$4.54 billion (net of contingency fund allowances). With projected spending of \$2.7 billion through this fiscal year, the budget proposes future spending of \$1.88 billion. Also proposed is a capital spending cap for the next five-year period (FY09-13) of \$993.7 million. The Advisory Board will conduct its annual review culminating in a vote on its *Comments and Recommendations* at the April 19th meeting. The proposed CIP document can be accessed at www.mwra.com.

CURRENT EXPENSE BUDGET FOR FY08 TO BE TRANSMITTED

The Authority is preparing to transmit its proposed FY08 Current Expense Budget to the Advisory Board for its annual review. The proposed budget of \$589 million (before offsets) is expected to include a rate revenue requirement of \$527 million, an increase over this year's charges of 6.4%. The proposed budget reflects receipt of Debt Service Assistance consistent with a statewide program funded at \$15 million. The Advisory Board will be conducting its review during March and April and will vote on its *Comments and Recommendations* at the May 17th meeting.

UPCOMING MEETINGS

MARCH 7: MWRA BOARD OF DIRECTORS / 10 AM - CHARLESTOWN
MARCH 9: EXECUTIVE COMMITTEE MEETING / 8:30 AM - BOSTON
MARCH 15: MWRA ADVISORY BOARD / 11:30 AM - LEXINGTON

If you have any questions regarding topics raised in this newsletter or any other MWRA issue, please contact:
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