



# News & Notes

A publication of the MWRA Advisory Board  
June 2005

## Senate Budget Boosts Debt Service Assistance

The Senate FY06 budget, approved on May 24<sup>th</sup>, appropriates \$15 million for the Debt Service Assistance (DSA) Program, an increase of \$2.5 million compared to the House budget approved in early May. The budget now goes before a Conference Committee, comprised of House and Senate members that will iron out the differences between the two chambers' budgets, including setting a final number for DSA. The Advisory Board has begun contacting Conference Committee members to support the Senate's \$15 million appropriation.

## FY06 Rate Assessment Poised for Increase

Several unanticipated market changes are putting into question the MWRA's proposed 5.86% rate increase for Fiscal Year 2006. Significant trends, such as increases in energy costs, rising interest rates and the ability to borrow more from the State Revolving Fund (benefiting the Authority in the long-term) are forcing the Authority to reevaluate whether a 5.86% rate increase will be enough to pay the bills in 2006. Combined, these factors could mean a rate increase upwards of 8%, or \$36.4 million, in 2006.

The Authority is proposing some budget modifications to limit the rate increase and the receipt of Debt Service Assistance in FY06 could significantly impact these figures. The MWRA Board of Directors' holds its FY06 Current Expense Budget (CEB) and Capital Improvement Program (CIP) budget hearing on Wednesday, June 8<sup>th</sup>.

## Advisory Board Hires Auditor to Review Fringe Rate

Daniel Dennis & Co., LLP, a Boston-based accounting firm, last week began its review of the State's Fringe Rate, assessed to the MWRA on an annual basis to cover the health care, retirement and terminal leave costs of certain watershed employees. The Advisory Board maintains the Authority is being overcharged for fringe and is hopeful the Auditor's report will result in a new protocol that assesses the MWRA for *actual* costs associated with fringe.



A baby humpback whale visited Boston Harbor during the week of April 18<sup>th</sup>.

*Photo courtesy of the New England Aquarium.*

## Water Supply Protection Trust Supports Waiver Language, Limits DCR Budget

The Water Supply Protection Trust held its third meeting on May 18<sup>th</sup> at the Swift River Valley Historical Society in New Salem. The Board of Trustees voted 4-1 to formally request a waiver of the indirect overhead rate being assessed to the Trust by the Executive Office of Administration & Finance (A&F). As the Advisory Board reported in its May edition of *News & Notes*, this latest "A&F overhead" totals approximately \$1.6 million in FY05 and approaches \$2 million in FY06.

Legislation authorizing a permanent waiver of the A&F overhead is currently pending in the Legislature. Given that the results of the legislation will not be known until the end of the summer, the Trust voted to approve a 4-month budget for the Division of Water Supply Protection. The Trust is scheduled to meet again in August and will reevaluate the Division's budget at that time in the hope that a waiver has been secured. If not, the Trust will need to fund the \$2 million indirect charge, most likely through reductions to their FY06 budget and/or MWRA rate hikes.

As FY05 draws to a close, the Trust also voted to increase land acquisition funding in the FY06 budget by \$4.5 million, to \$9 million, to account for lands not purchased in FY05.

## Advisory Board Unanimously Approves FY06 CEB *Comments and Recommendations*

Citing projected rate increases of up to 8% through Fiscal Year 2010, the Advisory Board, in its FY06 Current Expense Budget *Comments and Recommendations*, urges the MWRA to preserve the Rate Stabilization Fund for future years and utilize Debt Service Assistance receipts to reduce assessments. Specifically, the Advisory Board identifies over \$10 million in operating expense reductions and non-rate revenue increases and recommends the savings be used to reduce the amount taken from the Rate Stabilization Fund in FY06. Additionally, noting the significant impact that Debt Service Assistance (DSA) has on combined water and sewer bills, the Advisory Board recommends any DSA received in FY06 be used to directly reduce FY06 community assessments.

### Upcoming Meetings/Events

- June 8--** MWRA Board of Directors' Budget Hearing  
*10:00 am in Charlestown*
- June 8--** MWRA Board of Directors' Meeting  
*1:00 pm in Charlestown*
- June 10--** Executive Committee Meeting  
*8:30 am at Advisory Board Office*
- June 16--** Advisory Board Meeting  
*11:30 am in Boston*

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

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