



# The Green Sheet

A Financial Publication of the MWRA Advisory Board  
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## AB Recommends MWRA Reserve Rate Stabilization

At its June 28 meeting, the Authority's Board of Directors approved the FY07 Current Expense Budget (CEB) at \$557 million, with an associated rate increase of 4.9%. The approval followed extensive review and discussion by the Advisory Board, which had recommended reduced spending and increased non-rate revenue totaling \$12.1 million to be used to reduce future rate revenue requirements.

The Authority agreed to the Advisory Board's key recommendation to convene a working committee, comprised of MWRA and Advisory Board staff, members of the MWRA Board of Directors and the Authority's Financial Advisor, to develop a rates management strategy. The budget incorporates increases for debt service payments, utility costs, maintenance and personnel-related expense. The 4.9% rate increase reflects the inclusion of \$18.75 million in debt service assistance.

## FY06 Year to Date Spending

### *YTD Current and Capital Spending Totals More Than \$600 Million*

Through May 2006, the Authority reported spending on the capital program of \$144.2 million. Two-thirds of the spending (\$96.9 million) was for Wastewater projects, including \$43.9 million on the Combined Sewer Overflow Program. Another \$45.7 million was for Waterworks projects. Current expenses totaled \$474 million more than three times capital spending. Debt service expense is nearly twice new capital spending.

The year-end variance reports are expected to be available in August.

## Capital Spending to be \$224 Million in FY07

The Authority's Board of Directors also approved the Capital Improvement Program budget for FY07 at \$224 million (\$205.8 million in project spending plus \$18.5 million in contingency funding). Spending for the ten-year program is budgeted at \$1.26 billion. Wastewater spending accounts for 54% of all future spending, at \$687 million. Waterworks spending is budgeted at \$441 million, Business and Operations Support at \$22 million, and contingency allowances are set at \$113 million.

The capital program complies with the capital spending cap approved by the Board of Directors in June 2003. In response to the Advisory Board's comments that the availability of the comprehensive Master Plan is essential in preparing the next capital budget and spending cap, the Authority has again committed to the preparation of the Plan and to a presentation to the Board of Directors during the first quarter of FY07. The Authority also agreed to all \$8.7 million of the Advisory Board's comments and recommendations.

Dominating capital spending is the Combined Sewer Overflow (CSO) Control Program, at a new total cost of \$811.75 million (net of contingency allowances). Nearly \$351 million is projected to have been spent through FY06, leaving \$461 million to be spent in the coming years (nearly 43% of all future spending), 80% of that in just the next four years. The largest single contract in the budget is the North Dorchester Bay tunnel contract, estimated at \$180 million, to be awarded this summer. Also included in the final budget was a new phase for the Infiltration/Inflow local Financial Assistance Program, providing an additional \$40 million in grants and interest-free loans to wastewater communities.