



# THE GREEN SHEET

A FINANCIAL PUBLICATION OF THE MWRA ADVISORY BOARD

SUMMER | 2008

## **FY09 WATER & SEWER ASSESSMENTS TO RISE 4.45%**

At its June 25 meeting, the MWRA Board of Directors voted to set FY09 water and sewer assessments at \$540.8 million, an increase of \$23 million or 4.45% over the FY08 rates. The approved amount represents a reduction of \$7.7 million from the FY09 rate requirement proposed in February. Water rates are \$180.25 million of the total, while Sewer charges come to \$360.57 million.

The total budget for FY09 is \$579.3 million and reflects non-rate revenue of \$38.5 million and Debt Service Assistance receipts of \$11.25 million (which are treated as an offset to expenses). Although the State Legislature approved a budget containing a higher level of Debt Service Assistance (\$20 million for the statewide program, of which the Authority would have been eligible for an estimated \$15 million), the Governor vetoed the higher amount returning the final level of funding to the statewide amount of \$15 million. Should the Legislature override the veto later in July, the Authority is expected to revisit the budget and rate revenue needs at the September meeting of the Board of Directors.

## **BOARD VOTES TO REDUCE UNFUNDED PENSION LIABILITY AMOUNT**

At its July meeting, the MWRA Board of Directors approved the use of funds appropriated for Other Post Retirement Employment Benefits (OPEB) to shorten the amortization schedule for the unfunded pension liability. The funds are based on an actuarially established forecast and serve to acknowledge that pension and OPEB benefits are both retiree obligations and can be addressed together. The action allows MWRA to keep its options open in the short term until a long-term OPEB strategy is developed.

## **MWRA CAPITAL SPENDING TO BE \$245.6 MILLION IN FY09**

The MWRA Board of Directors approved the Capital Improvement Program (CIP) and Budget for FY09 at \$245.6 million. During the year, the Authority expects to award over 60 new contracts, budgeted at a total cost of \$412 million. Of the ten largest contracts to be awarded, five are projects in the Combined Sewer Overflow (CSO) Program and two others support Deer Island Asset Protection. Also upcoming are the award of design for the West Roxbury Tunnel and rehabilitation of the Lower Hultman Aqueduct.

Spending for the ten-year period (FY09-18) is budgeted at \$1.8 billion. Wastewater spending is set at \$932.8 million, Waterworks spending at \$720.4 million, Business and Operations Support at \$34.2 million and contingency funding at \$113.3 million.

The Board of Directors also set a new capital spending cap for the period FY09 through FY13 not to exceed \$1.14 billion, slightly lower than the previous five-year cap.

The CSO Program continues to dominate capital spending. Budgeted costs have grown more than \$110 million in the last year, to nearly \$925 million. Nearly \$530 million has been spent through FY08, leaving nearly \$400 million in spending in the coming years; just over \$350 million of that amount is budgeted during the next five years. The largest single contract in the capital budget is the North Dorchester Bay Tunnel contract, budgeted at nearly \$150 million. Through mid-July, 82% of the tunnel length had been mined.

### **MWRA ADVISORY BOARD**

• PHONE: 617.742.7561 • FAX: 617.742.4614 • EMAIL: [Christine.Hevelone-Byler@mwra.state.ma.us](mailto:Christine.Hevelone-Byler@mwra.state.ma.us) •

WEB SITE: <http://www.mwraadvisoryboard.com>