



NEWS & NOTES

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GOVERNOR USES 9Cs TO CUT BUDGET; DSA COMPLETELY ELIMINATED

Governor Patrick issued sweeping mid-year 9C cuts to the state budget plan last week after months of waning state tax revenues. His cuts were aimed at reducing a reported \$1.4 billion deficit and included \$901 million from FY09 spending and an additional \$200 million from state reserves. Governor Patrick eliminated all \$20 million from the Commonwealth Sewer Rate Relief Fund, also known as Debt Service Assistance (DSA), in addition to cuts that spanned state agencies and health and human services. DSA is a state-wide program that directly mitigates the impact of rising sewer bills due to debt service; over 100 communities and the Massachusetts Water Resources Authority (MWRA) draw from the fund. The impact of losing DSA will result in difficult budgetary decisions for the Authority. MWRA staff, in conjunction with the Board of Directors and the Advisory Board, will diligently work to make operating cuts so that there will be no mid-year rate increase. The Advisory Board is committed to working with the MWRA Legislative Caucus over the coming months to communicate the importance of this program for cities and towns in the Commonwealth.

FEDERAL HELP FOR INFRASTRUCTURE UNDER CONSIDERATION

The Association of Metropolitan Water Agencies (AMWA) called on Congressional leaders to include funding for drinking water infrastructure projects within the scope of a larger infrastructure-focused economic stimulus plan, currently under discussion in Washington. According to AMWA, "The nation's drinking water systems face an overall infrastructure investment need of approximately \$480 billion over the next two decades." The group also urged Congress to equally fund wastewater infrastructure, which has had more support in earlier proposals. Reports from Capitol Hill indicate willingness to vote on the stimulus plan after the November elections. The package could be worth as much as \$300 billion.

ADVISORY BOARD EDITORIAL: JUST SAY NO

by Joe Favaloro, MWRA Advisory Board Executive Director

What am I missing? In the past week, the MWRA has lost its entire share (\$15 million!) of state-wide Debt Service Assistance, which will lead to significant cuts to the Authority's budget to avoid mid-year assessment increases to our communities. Additionally, under the current national financial meltdown, the Authority's variable rate debt service, commercial paper and ability to borrow are in question; in fact, the Authority could possibly face even higher debt service costs. Lehman Brothers' bankruptcy has jeopardized two of the Authority's "swaps," which could force the calling of two notes at a cost of \$50 million. Even before the economic downturn, MWRA's rate revenue requirement was expected to increase by \$172 million over the next five years.

Let us not forget our customers, the cities and towns, who are facing the same financial obstacles on the local levels. Ratepayers are paying for the decisions the Authority makes. The Combined Sewer Overflow (CSO) Program drives spending in the Capital Improvement Program (CIP), increasing by over \$113 million in the FY09 budget. The North Dorchester Bay CSO Projects represent over \$20 million of that increase, growing from \$214 million to \$234 million. Yet, on a project that was fully vetted over a multi-year period, fully permitted *and* received a two-thirds vote of the State Legislature, a single abutter (Corcoran Jennison Companies) now objects and wants the Authority to move a planned odor control facility from its current location to a new underground location. The end result is that the MWRA could spend an additional \$3 to \$4 million on redesign and construction to move an odor control facility underground to suit the abutter's preference. My response is to "Just Say No" to a scenario that is unfair to ratepayers and ignores a timely review and approval process. For a company that has developed over \$2 billion worth of property, I maintain if Corcoran wants the facility underground, then Corcoran should pay for it.

UPCOMING MEETINGS

- NOVEMBER 6:** JOINT WAC-WSCAC-ADVISORY BOARD OPERATIONS COMMITTEE MEETING / 10AM - SOUTHBOROUGH
- NOVEMBER 12:** MWRA BOARD OF DIRECTORS / 10 AM - CHARLESTOWN
- NOVEMBER 14:** EXECUTIVE COMMITTEE / 8:30 AM - BOSTON
- NOVEMBER 20:** ADVISORY BOARD MEETING / 11:30 AM - CANTON

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