



NEWS & NOTES

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MAY 2008

DSA CUT BY 57% IN SENATE STATE BUDGET DEBATES CONTINUE

The Massachusetts Senate concluded debate on a \$30 billion state spending plan this month. The Senate version of the budget provided \$10 million in statewide Sewer Rate Relief, which is a 57% cut from last year's final state-wide funding of \$23 million. Otherwise known as Debt Service Assistance (DSA), the \$10 million appropriation is the second lowest amount of rate relief ever proposed. The Vice-Chairman of the MWRA Caucus, Senator Anthony Petrucci, filed an amendment to increase the line item by \$10 million to \$20 million. Although 22 co-sponsors signed on in support, the amendment was rejected on the floor of the Senate without debate. In their FY09 versions of the budget, Governor Patrick included \$15 million for DSA and the House included \$20 million. The House and Senate versions of the budget will now head to a Conference Committee for further deliberation.

Debt Service Assistance provides rate relief for cities and towns across the state. In FY08, the Sewer Rate Relief line item state-wide allocation was \$23 million; in FY07, it was \$25 million. Each year, the MWRA Caucus works to maintain adequate funding for this important program. The Advisory Board will work with the Conference Committee to communicate the impact of Debt Service Assistance on cities and towns.

EXECUTIVE DIRECTOR'S CORNER

BY JOSEPH E. FAVALORO

As I walk through the doors of the office next week, it will be for the 1,041st week. My how quickly 20 years flies by! I would like to take this opportunity to thank all of you for allowing me to work for you. It is an honor and a privilege. And although we have accomplished much, we still have more to achieve. Let's roll up our sleeves and start working for the next 20 years.

UPCOMING MEETINGS

JUNE 3: OPERATIONS COMMITTEE MEETING / 10:30 AM - NEWTON
JUNE 4: CIP & CEB BUDGET HEARING / 10 AM - CHARLESTOWN
JUNE 4: MWRA BOARD OF DIRECTORS / 1 PM - CHARLESTOWN
JUNE 13: EXECUTIVE COMMITTEE / 8:30 AM - BOSTON
JUNE 19: ADVISORY BOARD MEETING / 11:30 AM - LEXINGTON
JUNE 25: MWRA BOARD OF DIRECTORS / 10 AM - CHARLESTOWN

CURRENT EXPENSE BUDGET UPDATE

At its May 15th meeting, the MWRA Advisory Board approved the *FY09 Comments and Recommendations on the Authority's proposed Current Expense Budget (CEB)*, beginning July 1st. The Advisory Board's *Recommendations* call for decreases in expenses and increases in non-rate revenues totaling nearly \$15.5 million. The amount includes reductions totaling \$0.845 million for *Operating Expenses*, a \$3.8 million reduction to second-year funding of the *Post-Employment Benefits* liability, related lower deposits to the *Operating Reserve* of nearly \$1.0 million, reductions of \$1.6 million to *Watershed-Related Expenses*, reductions to several components of *Capital Financing* expense totaling \$6.95 million and an increase of \$1.3 million to budgeted *Investment Income*.

The Advisory Board recommends a portion of these spending reductions and non-rate revenue increases be used to reduce the proposed use of \$5.2 million in *Rate Stabilization Funds* and to reserve the funds to ease the impact of future rate increases. Another \$2.6 million is expected to be needed to absorb sharp increases in projected *Chemicals* and *Utilities* prices. The remaining \$7.7 million should be used to reduce the *Rate Revenue Requirement* in FY09, lowering the proposed rate increase from 5.9% to 4.45%.



MWRA Advisory Board Executive Director Joe Favaloro, Advisory Board Chairwoman Katherine Dunphy, and Senior Policy & Finance Analyst Matt Romero tour the MWRA's Combined Sewer Overflow Tunnel Project in South Boston. The MWRA is halfway through a large scale project that will be the final phase of the Boston Harbor clean up and will virtually eliminate wet weather overflows on the beaches in South Boston. The tunnel is 17 feet in diameter and will be over two miles long.

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