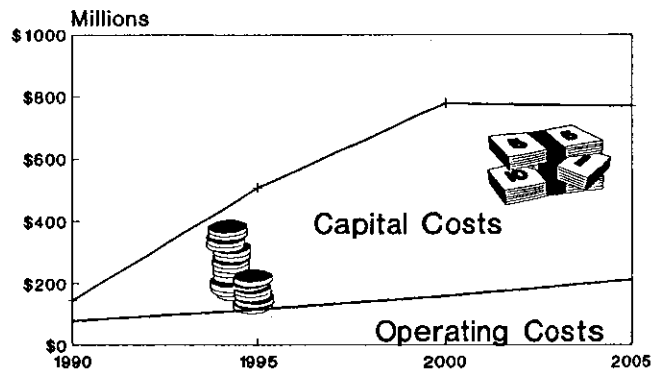


# Rx For Rate Shock

The Massachusetts Water Resources Authority has embarked on a vast capital program—with a price tag of over \$6 billion—to meet the requirements of the 1972 federal Clean Water Act. As things stand, ratepayers will pay *95 percent* of that cost, and more and more of their annual bill will be earmarked for capital outlays. In fact, by the year 2000, 80 cents of every dollar will go toward debt service and related costs.

## CHANGING SHAPE OF MWRA BUDGETS



(Projections assuming no new grants)

The MWRA Advisory Board believes this burden is grossly unfair. Other Commonwealth communities, faced with the same compliance requirements, will bear a similar burden. This Advisory Board Special Report provides background on this problem and suggests possible solutions for spreading the costs more equitably.

## MANDATES WITHOUT MONEY

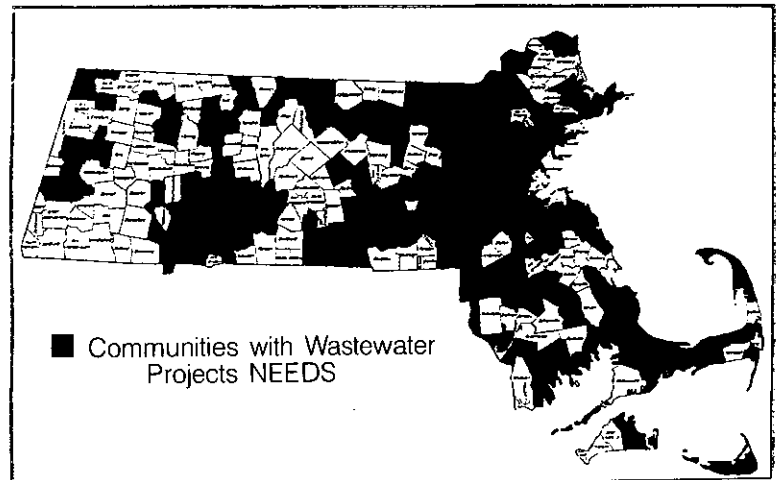
The Clean Water Act set strict standards for discharges into the nation's waterways. In passing the Act, Congress recognized that compliance would be extremely costly, so it set in place a system of federal grants to be matched by state funds. Together, these funds paid 90 percent of the construction costs of the facilities required to comply with the Act.

The more than \$60 billion already expended—going to cities like Milwaukee and Chicago—helped significantly in cleaning up the nation's waterways. Yet, although much construction work remains to be done—\$80 billion worth—Congress phased out the grant portion of the Act in 1987, and instead appropriated limited funding to states to set up loan programs. In effect, Congress *shifted the burden onto the states*.

But the Advisory Board believes that federally mandated environmental programs must provide the financial support necessary to meet the goals of those programs.

## AN UNFINISHED AGENDA

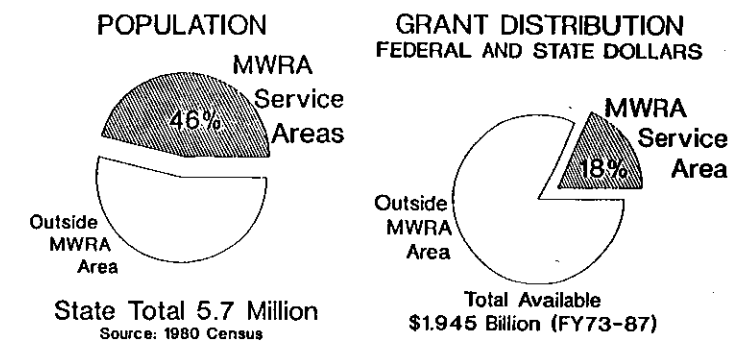
In Massachusetts, the bill for this unfinished, unfunded agenda is \$12 billion. Of this, more than \$6 billion is needed to stop the pollution of Boston Harbor, including the \$1+ billion to eliminate combined sewer overflows.



In addition, cities and towns all across the state will pay the full cost of maintaining, repairing, and upgrading local infrastructures—an estimated \$1 billion over the next decade for MWRA communities alone.

### A QUESTION OF EQUITY

During the years when federal and state grants were funding wastewater projects, cities and towns in what is now the MWRA service area received only 18 percent of the dollars available, *even though ratepayers in those communities made up half the state's population.* Today, those same ratepayers are being asked to pay 95 percent of the Harbor clean-up costs.



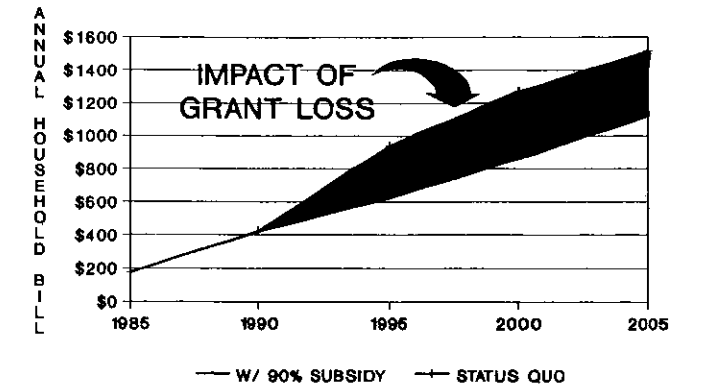
### RATE IMPACT WILL BE SEVERE

Annual sewer and water bills in the MWRA service area now stand at or near the national average of \$260. With the cutoff of federal grants, however, rates will rise dramatically, costing the typical household hundreds more dollars a year.

By the year 2000, the *combined* bill for sewer and water will be \$1,200 for a typical 4-person household—or \$300 per person. But that bill could be reduced by approximately \$400 if 90 percent of the costs for wastewater construction were funded by federal-state participation and/or alternative sources. Even at that, ratepayers would still be paying significantly higher bills.

Other communities in the Commonwealth will be affected by the loss of traditional grant support too. Their ratepayers will also face substantial increases. Rates in New Bedford, for example, may rise as much as 1000 percent above current levels.

### PROJECTED WATER & SEWER BILLS showing impact of loss of grants



### SOLUTIONS

For a safer environment for ourselves and future generations, both state and federal governments will once again have to "put their money where their mandates are."

With over half the work mandated by the Clean Water Act still to be done, we must:

- press the federal government to appropriate the dollars necessary to finish the job and fulfill the original intent of Congress
- press the Commonwealth to fulfill the funding intent of the state's clean water laws as well as the MWRA Enabling Act

But given the realities of state and federal finances, we cannot depend on traditional sources alone. New and innovative funding mechanisms must be developed at all levels of government. In Massachusetts, *alternative funding mechanisms* might include:

- a tax on industries that use and pollute Boston Harbor and other waterways
- a tax dedicated to environmental purposes
- at local option, a portion of Deed Transfer revenues used to offset huge rate increases
- additional industrial user charges

Even with the traditional 90 percent subsidy, the ratepayers would still be paying a hefty—but fair—share of the clean-up costs. Only a concerted and creative effort, combining all the solutions suggested above, is likely to even approach that level. So it's imperative that we all pull together to reach our goal—A CLEAN ENVIRONMENT WITH EQUITY FOR THE RATEPAYER.

### **WHAT YOU CAN DO**

The MWRA Advisory Board asks that you write or call Governor Dukakis, Senators Kennedy and Kerry, and your Congressman about the urgent need to develop dedicated funding mechanisms for a safer, cleaner environment.

### **WHO WE ARE**

The MWRA Advisory Board was created by the Legislature to represent the interests of the 60 communities in the MWRA service area. It provides a ratepayer perspective on the Authority's plans to end the pollution of Boston Harbor, and in general acts as the Authority's watchdog. For more information on what you can do to help keep rates manageable, call 742-7561, or write MWRA Advisory Board, 6 Beacon Street, Suite 915, Boston, MA 02108.